



ACON INVESTMENTS MANAGEMENT, LLC

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This amended and restated brochure provides information about the qualifications and business practices of ACON Investments Management, LLC and its relying adviser as described herein (collectively, “**ACON**” or the “**Adviser**”) and its affiliates. If you have any questions about the contents of this brochure, please contact the Adviser’s Chief Compliance Officer at 202-454-1100. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “**SEC**”) or by any state securities authority. The Adviser is registered with the SEC under the U.S. Investment Advisers Act of 1940, as amended (the “**Advisers Act**”). This registration does not, however, imply a certain level of skill or training of the Adviser or its personnel.

Additional information about the Adviser and its affiliates also is available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 - Material Changes

The Adviser registered as an investment adviser with the SEC on March 30, 2012. The Adviser is filing this annual updating amendment to its Part 2A Brochure (this “**Brochure**”). This Brochure replaces the amended and restated brochure that was filed in March 2022.

No material changes have been made to this Brochure since the last annual update. However, enhanced disclosure is provided, including with respect to (i) fees and expenses, (ii) risk factors and (iii) conflicts of interest. In addition, ACON routinely makes updates throughout this Brochure to clarify the description of its business practices, compliance policies, and procedures, as well as to respond to evolving industry best practices. Finally, ACON notes the Adviser’s regulatory assets under management in Item 4 (*Advisory Business*), which figure differs from that provided in the prior Brochure.

You are encouraged to review this Brochure in its entirety.

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Item 4 - Advisory Business

Advisory Firm

ACON Investments Management, LLC (“**AIM**”) and its relying adviser, ACON Southern Europe Management, L.L.C. (“**ASEM**” and collectively with AIM, “**ACON**” or the “**Adviser**”)¹ are Washington, DC-based investment advisory firms affiliated with ACON Investments, L.L.C. (“**ACON Investments**” or the “**Firm**”). ACON Investments is an international private equity fund management company originally founded in 1996 by Bernard Aronson, Kenneth Brotman and Jonathan Ginns. AIM was formed in 2008 and ASEM was formed in 2019. For purposes of this brochure, “we,” “us” and “our” refer to the Adviser and its investment advisory business.

We provide investment advisory services to various pooled investment vehicles (each, an “**ACON Investment Vehicle**” or an “**Investment Vehicle**”) that target making investments in middle-market companies with the objective of achieving long-term appreciation for our investors.² AIM owns ASEM, which was formed to manage one or more Southern Europe-focused Investment Vehicles. Our advisory services include identifying, evaluating, structuring, recommending and negotiating investment acquisition and disposition opportunities; identifying sources of financing for proposed investments; supervising the negotiation, preparation and review of agreements and other documents in connection with investments, dispositions and financings; and ongoing monitoring and management of portfolio company investments. We provide these services directly or through affiliated special purpose general partner or manager entities established to manage ACON Investment Vehicles (collectively, “**GPs/Managers**”). In addition, under a participating affiliate arrangement, ASEM uses the services of appropriate personnel of ACON Southern Europe Advisory, SL (“**ASEA**”) for identifying suitable investment opportunities, structuring acquisitions and dispositions and monitoring the performance of portfolio companies. ASEA is a *sociedad limitada* incorporated under the laws of Spain and is not subject to regulation by the SEC. ACON’s advisory services are not tailored to individual investors in our Investment Vehicles, but are provided in accordance with the investment strategies of such vehicles. One or more of our representatives typically serves as a member of the board of directors of the portfolio companies our Investment Vehicles acquire.

AIM and ASEM are limited liability companies organized under the laws of the State of Delaware. AIM and ASEM are each owned by Bernard Aronson, Kenneth Brotman and Jonathan Ginns.³ The Adviser is party to an arrangement with ACON Investments pursuant to which the Firm and/or its affiliates provide the services of various private equity fund investment, finance, accounting, tax, investor relations, legal, compliance and support professionals to the Adviser. Since the Firm’s inception, ACON Investments has managed, or has had under management, approximately \$7.0 billion in capital.⁴ In addition to its Southern

¹ AIM and ASEM satisfy the requirements of filing an umbrella registration as set forth in Form ADV’s General Instructions. For purposes of this Brochure, and unless otherwise noted, AIM is the filing adviser and ASEM is the relying adviser.

² AIM also manages two Investment Vehicles that feed into respective U.S.-focused private equity funds managed by ACON EQUITY MANAGEMENT, L.L.C. (“**AEM**”) (SEC File No. 801-74406), an affiliate of ACON. Please refer to AEM’s Form ADV, including without limitation the Part 2A Brochure filed by AEM, for a discussion of AEM’s business, fees, expenses, risks and other disclosures made to the investors in such feeder vehicles.

³ Please refer to Schedules A and B to ACON’s Part 1 of Form ADV for information regarding ACON’s beneficial owners and control persons.

⁴ Represents cumulative capital commitments in the Firm’s private equity platforms since ACON Investments’ inception in 1996 through March 31, 2023 and capital raised in listed vehicles sponsored by ACON. Excludes co-

Europe-focused business, the Firm operates two other businesses, one that is focused on middle-market investing in the United States and the other focused on middle-market investing in Latin America.⁵

The relationship between ACON and each Investment Vehicle is governed by the U.S. Investment Advisers Act of 1940, as amended (the “**Advisers Act**”), as well as the governing documents of each Investment Vehicle (each, an “**Investment Agreement**”) and the terms of any investment advisory agreements concluded between ACON and each Investment Vehicle. Investments in the ACON Investment Vehicles are privately offered only to qualified investors that satisfy applicable eligibility and suitability requirements. ACON Investment Vehicles are not registered under the U.S. Investment Company Act of 1940, as amended (the “**Investment Company Act**”) and the limited partnership or other interests offered by such vehicles are not registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”). Various ACON personnel often invest (and often are required by investors to invest) in ACON Investment Vehicles, and as a result, their economic interests may be better aligned with those of the investors.

To the extent allowed by law, arrangements among all members of AIM, ASEM, ASEA and the Firm (collectively, the “**ACON Group**”) and its employees may take a variety of forms, including but not limited to dual employee, delegation, participating affiliate, sub-agency or other servicing arrangements. Certain directors, executive officers, investment professionals and employees of one entity within the ACON Group may also serve as directors, executive officers, portfolio managers and employees of one or more other entities within the ACON Group in order to facilitate the ACON Group’s global capabilities. In these circumstances, the member of the ACON Group that has entered into a contractual agreement with a client remains ultimately responsible for such client’s account. No additional fees are charged for an affiliate’s services except as set forth in the applicable agreement. Please see Item 10 (*Other Financial Industry Activities and Affiliations*) for additional details regarding the nature of the relationship amongst the members of the ACON Group.

In connection with the provision of advisory services to the Investment Vehicles, ACON or its GPs/Managers often enter into side letters or other writings (“**side letters**”) with investors, which have the effect of establishing rights under, or altering or supplementing the terms of, a vehicle’s Investment Agreement in respect of the investor to whom a side letter is addressed. Side letters provide the investor with economic, regulatory and other terms that are more favorable than the terms offered to other investors. Side letter provisions cover a broad variety of topics. Examples of certain side letter provisions for the benefit of an investor include, without limitation: a limitation on certain fees; payment of reduced carried interest; economic or other incentives tied to the making of commitments to one or more other ACON Investment Vehicles, including future Funds; and the provision of additional information, reports or access rights.⁶ The foregoing list is not exhaustive. We expect to enter into side letters with investors in future Investment Vehicles, the terms of which may be similar or different than those described above.

investment capital invited by ACON Investments to invest alongside, but not managed by, affiliates of ACON Investments.

⁵ See Item 10 (*Other Financial Industry Activities and Affiliations*) for a list of the other ACON affiliated registered investment advisers.

⁶ Side letters modify the terms of an Investment Agreement with respect to the investor that is the counterparty to the side letter. As such, when describing the terms set forth in an Investment Agreement, unless otherwise stated expressly to the contrary, it shall be deemed that side letter references are incorporated therein by reference as the context requires.

As of December 31, 2022, ACON had approximately \$199.04 million of client assets under management, all of which is managed on a discretionary basis.⁷

Item 5 - Fees and Compensation

ACON and/or its affiliates receive carried interest in connection with advisory services provided to the Investment Vehicles, which carried interest is described in Item 6 below. From time to time, ACON and/or its affiliates receive additional compensation in connection with management or other services performed for the portfolio companies of Investment Vehicles, as described in detail below.

Fees

The Investment Vehicles do not pay management fees typically, however in the future this may change. ACON (or its GPs/Managers) and affiliates thereof receive fee income paid by portfolio companies or other third parties, including, for example: monitoring fees, set-up fees, operational consulting fees, M&A advisory fees or other fees, in each case received in connection with investments or proposed investments or services provided in connection therewith (collectively, “**Other Fees**”). Certain of these fees may be calculated on the basis of estimated financial results of a portfolio company over a particular time period, with no provisions requiring a true-up for actual financial results over such time period. In many cases, Other Fees are based on enterprise value or other metrics relating to a portfolio company, the acquisition of or investment in such company, or the ongoing monitoring thereof, and there can be no assurance that the amount of Other Fees charged will be tied to or proportional to the amount of hours of work performed on behalf of the portfolio company.

In certain circumstances, such as those relating to short- or long-term portfolio company cash, liquidity or other needs or circumstances, and regardless of whether the portfolio company is undergoing financial stress, ACON reserves the right to accrue, defer or forego payments of Other Fees, and reserves the right to charge interest at then-available rates with respect to such amounts.

The recipients of this Brochure should refer to the detailed information found in each Investment Agreement (including applicable side letters) for specific information about the fees earned by ACON and its affiliates, including Other Fees, and the fees charged to the Investment Vehicles (if any).

Expenses

Except to the extent set forth in an applicable Investment Agreement, each ACON Investment Vehicle bears and is charged with costs and expenses of its organization, activities, operations and meetings (to the extent not reimbursed by third parties). Out-of-pocket expenses associated with completed investments by an ACON Investment Vehicle typically are reimbursed by the relevant portfolio company or capitalized as part of the acquisition price of the relevant transaction.

⁷ ACON uses the same methodology for reporting its regulatory assets under management (“**RAUM**”) in both Part 1A and 2A of the Form ADV. Instructions for Item 5.F of Part 1A of the Form ADV provide that, in determining the amount of a registered adviser’s RAUM, an adviser should “include the entire value of each securities portfolio for which [it] provide[s] continuous and regular supervisory or management services.” The Adviser provides management services to numerous Investment Vehicles, some of which aggregate ACON Investment Vehicle assets together to invest in portfolio companies. In reporting RAUM, ACON eliminates double counting of assets in such situations where one ACON Investment Vehicle invests in another ACON Investment Vehicle.

ACON bears the cost of all routine overhead expenses, including rent, utilities, secretarial expenses and compensation and employee benefits of employees of ACON and its affiliates, as well as travel and entertainment expenses of ACON employees incurred in connection with any general or background investigation of industries suitable for investment.

Current or former ACON personnel in the future may serve in interim or part-time roles at one or more portfolio companies, or provide services to portfolio companies as secondees or in similar capacities, while maintaining certain benefits, support services or indicia of employment with ACON. In addition, ACON in the future may cause one or more persons who are independent contractors of ACON or its affiliates to provide consulting services to portfolio companies on a range of operational issues.⁸ In addition to operating professionals, ACON also engages and compensates certain other consultants on behalf of its Investment Vehicles to assist ACON in sourcing, analyzing and executing investments, often with the intention that such consultants will assume board, executive or other management roles at the portfolio companies they identify. Compensation, expenses, fees and other amounts received by the foregoing, including amounts received by such personnel or consultants from portfolio companies or any ACON Investment Vehicle, are borne by investors in the Investment Vehicles and therefore subjects the Adviser to conflicts of interest. See Item 8 (*Methods of Analysis, Investment Strategies and Risk of Loss—Risks—Certain Conflicts of Interest*) for more detail.

Investors should review all of the types of fees and expenses charged by ACON, its GPs/Managers and others to the respective ACON Investment Vehicles or borne by investors to determine the total amount of fees and expenses to be paid by these vehicles and, indirectly, their investors.

Item 6 - Performance-Based Fees and Side-By-Side Management

The Adviser directly or through GPs/Managers or another affiliated vehicle charges certain Investment Vehicles a “carried interest” or performance fee that represents a participation in the profits of such Investment Vehicle(s). This “profits interest” is referred to as the “**Carried Interest**.” The amount of the Carried Interest is negotiated separately for each Investment Vehicle, and is only payable after certain return thresholds are met, including typically a certain percentage preferred return hurdle. The Carried Interest is payable out of cash otherwise distributable to investors. The Adviser and its GPs/Managers exempt certain persons from payment of Carried Interest or otherwise reduce such Carried Interest payable by certain investors, including without limitation ACON personnel, persons with family or other relationships with the Adviser and its affiliates and unaffiliated parties, including without limitation business associates, strategic partners, advisors, consultants and significant investors. A potentially significant portion of the long-term compensation of ACON’s investment and other professionals is derived from their participation in the Carried Interests paid by these Investment Vehicles. As such, ACON may be incentivized to make investments that are more speculative than would be the case in the absence of such compensation.

The difference in performance fee arrangements across various Investment Vehicles managed by ACON as well as by its other affiliated registered investment advisers may create an incentive to favor higher fee-paying accounts or multi- or single-asset accounts over other accounts in the allocation of investment opportunities or create other conflicts of interest as between and among one or more ACON Fund(s). ACON has implemented procedures designed to ensure that the ACON Funds are treated fairly in the allocation of investment opportunities among or between such Funds and that the ACON Funds are treated fairly relative to other ACON Investment Vehicles. For a description of ACON’s allocation policy, refer to the conflicts

⁸ The term “personnel” and “ACON Personnel,” as used throughout this Brochure, will be deemed to include the ACON operating professionals unless otherwise expressly stated or the context otherwise requires.

of interest described in Item 8 (*Methods of Analysis, Investment Strategies and Risk of Loss—Risks—Certain Conflicts of Interest*).

Item 7 - Types of Clients

ACON, directly or through its GPs/Managers, provides investment advisory, management and administrative services to the ACON Investment Vehicles only. Investment advice is not provided individually to the investors in such vehicles.

The ACON Investment Vehicles are pooled investment vehicles formed under foreign and domestic laws and operated as exempt investment pools under the Investment Company Act. The investors participating in ACON Investment Vehicles include, among others, a broad range of U.S. and non-U.S. investors, including without limitation pension funds, funds of funds, sovereign wealth funds, family offices, development banks, asset managers, endowments, foundations, insurance companies, other institutional investors and eligible high-net-worth individuals. ACON also offers investment opportunities to other qualified institutions and individuals (for example, executives of present or former portfolio companies). In addition, investors in ACON Investment Vehicles may include ACON personnel and persons with family or other relationships with the Adviser and its affiliates and unaffiliated parties, including without limitation business associates, service providers, strategic advisors, consultants, operating professionals and executive advisors as described above. Details concerning applicable investor suitability criteria are set forth in the respective offering and subscription materials for the Investment Vehicles.

ACON may impose a minimum investment commitment for investors in ACON Investment Vehicles, however this minimum may be waived in ACON's sole discretion.

Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis and Investment Strategies

The Adviser's investment strategy on behalf of each Investment Vehicle is to seek to increase the value of, and to find desirable exit opportunities for, the investments made by each such vehicle. This strategy may involve the use of information generated by individuals or entities not affiliated with ACON or its affiliates. Sources of such information include, but are not limited to, research provided by institutions and the brokerage community, internally and externally generated analysis of potential opportunities, specialized consultants, industry experts, and industry and trade publications, as well as direct contact with management of potential portfolio companies and related due diligence.

ACON seeks to structure capital to each individual investment in order to meet the specific needs of a given opportunity and the company's specific business plan. As owners and with affiliate representatives serving on the portfolio company boards, ACON becomes an active participant in guiding the growth or expansion of the ACON Investment Vehicle's portfolio companies. The Adviser's industry experience and broad affiliate network allow its investment professionals and its portfolio company management teams to draw on a diverse set of strategic, financial and industry-specific resources.

ACON often focuses on investment opportunities at times of change—responding at points of inflection where value creation is possible. The Adviser's understanding of industry trends, regulatory mandates and changes, international trade opportunities and demographic indicators help it to identify prospects that the Adviser believes will allow maximum value for its investors.

The Adviser believes its close work with proven partners and management teams drives performance improvement and unlocks shareholder value. The Adviser is committed to actively overseeing each portfolio company by helping its management develop and execute strategic initiatives; launch and integrate subsequent acquisitions; arrange for debt and/or equity financings; recruit additional management resources; and generate liquidity opportunities in public and/or private markets.

ACON generally follows an investment process which seeks to: (i) generate a continuous flow of quality, proprietary deal leads; (ii) subject potential transactions to a multi-stage screening process with certain hurdles at each stage; (iii) institute the appropriate controls and monitoring mechanisms to facilitate the ability of ACON's investment professionals to add value to portfolio companies; and (iv) maximize the value of investments upon exit.

Risks

ACON Investment Vehicles generally seek private investments in middle-market companies in the geographic areas the Investment Vehicles target. Certain of the risks related to this investment strategy are summarized below. There are significant risks and potential conflicts of interest in investing in private securities issued by middle-market companies. Prospective investors should carefully consider all of the risks related to investing in an ACON Investment Vehicle that are set forth in the private placement memorandum or other offering document (if applicable) for that particular ACON Investment Vehicle, including those discussed below. Certain ACON Investment Vehicles are formed for the sole purpose of investing in a single asset. As such, a single asset investment may involve risks greater than those generally associated with more diversified funds, including significant fluctuation in returns. In addition, a single asset investment may be concentrated in an industry or country that contains greater economic, political and/or regulatory risk. Risk factors may occur simultaneously and/or may compound on each other, resulting in an unpredictable effect on the value of an investment in any ACON Investment Vehicle. As a result, no assurance can be given as to the effect that any risk factor may have on the value of an investment in an ACON Investment Vehicle. In addition, ACON has in the past pursued and expects in the future to pursue investments outside of the industries and sectors in which ACON has previously made investments or has internal operational experience. For these and other reasons, there can be no assurance that ACON Investment Vehicles will be able to invest capital on attractive terms or generate returns for investors. The investment track records of the members of ACON's investment management team provide no assurance of future results for ACON Investment Vehicles.

Private equity-related investments generally. All securities investments risk the loss of capital. Investments in ACON Investment Vehicles are speculative and involve a high degree of risk. Investments with ACON should be undertaken only by investors that have the financial sophistication and expertise to evaluate the merits and risks of an investment in such vehicle and for which the ACON Investment Vehicle does not represent a complete investment program. There can be no assurance that any ACON Investment Vehicle will meet its investment objectives or otherwise be able to carry out its investment program successfully or that an investor will receive a return of its capital contributed to the Investment Vehicle. In addition, there can be no assurance that any ACON Investment Vehicle will be able to generate returns for investors or that returns will be commensurate with the risks of the Investment Vehicle's investments. Investment in any ACON Investment Vehicle should only be made by investors that can afford a loss of their entire investment. Prospective investors should consult their own legal, tax and/or financial advisors prior to investing in an ACON Investment Vehicle.

Certain risks related to Spain, Portugal, France and Italy. The existence of risks in the Eurozone could have material adverse effects on the ACON Investment Vehicles' ability to make investments and on portfolio companies in the affected Eurozone countries, including but not limited to the availability of

credit, uncertainty and disruption in relation to financing, customer and supply contracts denominated in Euros, and wider disruption in markets served by those companies. For example, in the event of any breakup of or exit from the Eurozone, there may be legal uncertainty about the satisfaction of obligations to fund commitments in Euros (particularly in the case of investors or investments domiciled in affected countries) that could also have material adverse effects on the Investment Vehicles.

The Investment Vehicles will focus their investments primarily on the Iberian Peninsula and therefore will be particularly vulnerable to events affecting companies in the region. The economy of the Iberian Peninsula is influenced by economic and market considerations in other countries in Europe. Investors' reactions to events in one European country can have adverse effects on the securities of companies and the value of property and related assets in the Iberian Peninsula. The Investment Vehicles' performance may be worse than the performance of other vehicles that invest more broadly geographically.

Long-term and illiquid investments; limited transferability of interests; market risks. An investment in an ACON Fund or Investment Vehicle requires a long-term commitment with no certainty of return. Interests in the ACON Investment Vehicles have not been registered under the Securities Act or any other applicable securities laws, and therefore are subject to restrictions on transfer. In addition, ACON Investment Vehicles are not obligated to redeem any investor's interest and the Investment Agreements of each Investment Vehicle contain significant restrictions on the ability of any investor to assign, sell, exchange or transfer any of their interests, rights or obligations with respect to their investments in an Investment Vehicle without the prior written consent of the GPs/Managers, which may give or withhold consent in their sole and absolute discretion. No market exists for the interests in the Investment Vehicles and none is expected to develop. Consequently, an investor should not expect to liquidate its investment in any Investment Vehicle readily and must be able to bear the economic risk of its investment in an Investment Vehicle for a substantial period of time. Many of each Investment Vehicles' investments will be highly illiquid, and there can be no assurance that an Investment Vehicle will be able to realize on such investments in a timely manner. Distributions in kind of illiquid securities to investors may be made in certain circumstances. Although certain investments by the Investment Vehicles may generate current income, the return of capital and the realization of gains, if any, from an investment generally will occur only upon the partial or complete disposition of such investment. While an investment may be sold at any time, this will occur typically a number of years after the investment is made. In addition, in some cases, the dispositions of an ACON Investment Vehicle's investments may be subject to contractual, regulatory and other limitations on transfer, or other restrictions that would interfere with subsequent sales of such investments or adversely affect the terms that could be obtained upon any disposition thereof. Certain investments by the Investment Vehicles may be in securities that are or become publicly traded (but there can be no assurances that such securities will ever be listed on a securities exchange). Such investments may involve economic, political, interest rate and other risks, any of which could result in an adverse change in the market price and other adverse factors such as, for example, greater volatility in the valuation of such companies, increased obligations to disclose information regarding such companies, increased risk of regulatory action by the SEC, increased likelihood of shareholder litigation and insider trading allegations against such companies' executives and board members, including employees and representatives of ACON, and increased costs associated with each of the aforementioned risks. In addition, in some cases the Investment Vehicles may be prohibited by contract, legal or regulatory reasons or other limitations from selling such securities for a period of time so that the Investment Vehicles are unable to take advantage of favorable market prices. Investments in publicly-traded companies or assets held by the ACON Investment Vehicles also may be subject to legal, contractual, regulatory, practical, applicable company policy or other restrictions on resale, including the possibility that ACON or the investment vehicle will be in possession of material non-public information about a company as well as statutory volume limitations. In addition, the ability to exit an investment through the public markets (and the terms of such exit) will depend on market conditions, and particularly the market for public offerings.

Lack of management rights. Investors generally will have no opportunity to control the day-to-day operation, including, but not limited to, investment and disposition decisions, of the Investment Vehicles, and will be permitted to vote only in the limited circumstances set forth in the Investment Agreements. Investors will not make decisions with respect to the selection, management, disposition or other realization of any investment, or any other decisions regarding the Investment Vehicles' business and affairs. In order to safeguard their limited liability for the liabilities and obligations of the Investment Vehicles, investors must rely entirely on ACON and its GPs/Managers to conduct and manage the affairs of the Investment Vehicles.

Middle-market companies. The objective of the ACON Investment Vehicles is to invest in middle-market companies. Although investments in middle-market companies may present greater opportunities for growth, such investments may also entail larger risks than are customarily associated with investments in larger companies. Medium-sized companies may have more limited product lines, market, and financial and other resources. As a result, such companies may be more vulnerable to general economic trends and to specific changes in markets and technology. In addition, future growth may be dependent on additional financing, which may not be available on acceptable terms when required. Further, there is ordinarily a more limited marketplace for the sale of interests in smaller, private companies, which may make realizations of gains more difficult. In addition, the relative illiquidity of private equity investments generally, and the somewhat greater illiquidity of private investments in small- and medium-sized companies, could make it difficult for ACON Investment Vehicles to react quickly to negative economic or political developments.

Issuer selection and issuer-specific risks. In implementing its investment strategy, the Adviser will focus on making investments in companies that have significant issuer-specific risks as a result of business, financial, market or legal uncertainties, including companies that require operational improvements or restructuring. There can be no assurance that ACON will correctly evaluate the nature and magnitude of the various factors that could affect the value of the investment or the potential return on investment. Valuations of private investments may be volatile, and a variety of other factors that are inherently difficult to predict, such as domestic or international economic and political developments and changes to the financial condition or outlook of these issuers, may significantly affect the results of ACON's investment activities and the value of the investments made by ACON Investment Vehicles.

Business risks. The investment portfolio of an ACON Investment Vehicle is expected to consist primarily of securities issued by privately held companies, and operating results in a specified period will be difficult to predict. Such investments involve a high degree of business and financial risk that can result in substantial losses.

Investment in junior securities. The securities in which an ACON Investment Vehicle will invest may be among the most junior in a portfolio company's capital structure and, thus, subject to the greatest risk of loss. Generally, there will be no collateral to protect an Investment Vehicle's investment once made.

Distressed investments; investments in restructurings. ACON Investment Vehicles have invested, and in the future may invest, in the securities and obligations, including debt obligations that are in covenant or payment default, of companies experiencing significant financial difficulties and material operating issues, including companies that have been, are or will become involved in bankruptcy proceedings or other restructuring, recapitalization or liquidation processes. Investments in such companies involve a substantial degree of risk that is generally higher than the risk involved in investing in companies that are not in financial or operational distress. Such investments could, in certain circumstances, subject the Investment Vehicles to certain additional potential liabilities that may exceed the value of the Investment Vehicles' investments therein. Given the heightened difficulty of the financial analysis required to evaluate distressed

companies, there can be no assurance that ACON will correctly evaluate the value of the assets of a distressed company securing its debt and other obligations or correctly project the prospects for the successful restructuring, recapitalization or liquidation of such company. If an underlying portfolio company of an ACON Investment Vehicle becomes involved in bankruptcy proceedings or a restructuring, recapitalization or liquidation is required, such Investment Vehicle may lose some or all of its investment, may be required to accept illiquid securities with rights that are materially different than the original securities in which the Investment Vehicle invested, and/or may become subject to certain additional potential liabilities that may exceed the value of the Investment Vehicle's investment. In addition, under certain circumstances, payments to the Investment Vehicles and distributions by the Investment Vehicles to the investors in connection with such investments may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment. Furthermore, investments in restructurings may be adversely affected by laws relating to, among other things, fraudulent conveyances, voidable preferences, lender liability and the bankruptcy court's discretionary power to disallow, subordinate or disenfranchise particular claims or recharacterize investments made in the form of debt as equity contributions.

Competition for investment opportunities. The activity of identifying, completing and realizing attractive investments is highly competitive and involves a high degree of uncertainty and risk. The ACON Investment Vehicles will be competing for investments with other investment vehicles, as well as individuals and companies, publicly traded operating or investment companies, special purpose acquisition companies, financial institutions (such as mortgage banks and pension funds), hedge funds and investment funds affiliated with other financial sponsors or institutional investors, private equity and debt investors, and credit vehicles. Other funds may have investment objectives that overlap with the ACON Investment Vehicles, which may create competition for investment opportunities. Some competitors may have a lower cost of funds and access to funding sources that are not available to the ACON Investment Vehicles, and may have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of investments and establish more relationships. There can be no assurance that ACON will be able to locate, complete and exit investments which satisfy an Investment Vehicle's investment objectives, or realize upon their values, or that ACON Investment Vehicles will be able to fully invest their committed capital. The competitive pressures could impair the ACON Investment Vehicles' business, financial condition and results of operations. As a result of this competition, ACON Investment Vehicles may not be able to take advantage of attractive investment opportunities.

Limitation of recourse and indemnification. The Investment Agreements for the ACON Investment Vehicles limit the circumstances under which ACON will be held liable to an Investment Vehicle. As a result, investors are expected to have a more restricted right of action in certain cases than they would in the absence of such limitation. In addition, the Investment Agreements provide that ACON Investment Vehicles will indemnify ACON and its owners, members, managers, shareholders, partners, directors, officers, employees, agents, consultants, advisors, assigns, representatives and certain other persons, including without limitation "limited partner committee" or "advisory committee" members and the investors represented by such members and persons who serve on portfolio company boards on behalf of ACON, in each case for certain claims, losses, damages and expenses arising out of their activities on behalf of an ACON Investment Vehicle or portfolio company. The Investment Vehicle's indemnification obligations may be funded by capital calls from the investors, through the retention of distributable proceeds to investors or through the return of distributions previously made to the investors (subject in each case to any limitations thereon provided in the respective Investment Agreement). In addition, the Investment Vehicle's assets, including any investments held by such Investment Vehicle (including cash or cash equivalents), could be used to satisfy all liabilities and other obligations, including indemnification obligations. If the Investment Vehicle becomes subject to a liability, including an indemnification liability, parties seeking to have the liability satisfied may have recourse to such Investment Vehicle's assets

generally and may not be limited to any particular asset, such as the asset representing the investment giving rise to the liability. The obligation to fund an indemnification claim will survive the dissolution of the Investment Vehicle. Such indemnification obligations could materially impact the returns to investors.

Uninsured losses. The Funds and other ACON Investment Vehicles are expected to use insurance to cover certain risks where ACON determines that coverage is desirable, available and cost-effective. Such insurance would typically be an expense of the Fund or a portfolio company, although the benefits of such insurance may not accrue to the Fund. However, there can be no assurance that insurance coverage will be available, obtained or sufficient to cover such risks. Insurance against certain risks, such as war, kidnapping, nationalization of portfolio companies, certain industries, acts of terrorism, earthquakes, hurricanes or floods, may be unavailable, available in amounts that are less than the full market value or replacement cost of underlying assets, insufficient to cover the risk, and/or subject to a large deductible. The Fund may also invest in jurisdictions in which insurance is unavailable and/or impracticable. There can be no assurance that any particular risks that are currently insurable will continue to be insurable on an economically affordable basis or that any available insurance will be obtained.

Market conditions. Capital markets around the world have experienced great volatility and financial turmoil and may experience such turmoil again in the near future. Moreover, governmental measures undertaken in response to such turmoil (whether regulatory or financial in nature) may have a negative effect on market conditions. General fluctuations in the market prices of securities and economic conditions generally may reduce the availability of attractive investment opportunities for the Investment Vehicles and may affect their ability to make investments. Instability in the securities markets and economic conditions generally (including a slow-down in economic growth and/or changes in interest rates or foreign exchange rates) may also increase the risks inherent in an Investment Vehicle's investments and could have a negative impact on the performance and/or valuation of the portfolio companies. Performance of an ACON Investment Vehicle can be affected by deterioration in the capital markets and by market events, which, among other things, can impact the public market comparable earnings multiples used to value privately held portfolio companies and investors' risk-free rate of return. Volatility and illiquidity in the financial sector may have an adverse effect on the ability of an ACON Investment Vehicle to sell and/or partially dispose of its portfolio company investments. Such adverse effects may include the requirement of an Investment Vehicle to pay termination or other fees and expenses if such vehicle is not able to close a transaction (whether due to the lenders' unwillingness to provide previously committed financing or otherwise) and/or the inability of such Investment Vehicle to dispose of investments at prices that ACON believes reflect the fair value of such investments. The impact of market and other economic events may also affect an ACON Investment Vehicle's ability to raise funding to support its investment objective and also the level of profitability (if any) achieved on realizations of investments.

Impact of government regulation, reform. Certain industry segments in which ACON Investment Vehicles invest, including various segments of the consumer product, retail, tourism/travel, healthcare, education, housing, energy/services, environmental services, financial services, insurance, government contracts, manufacturing, telecommunications, media and infrastructure industries (the "**regulated industries**"), are (or may become) (i) highly regulated and (ii) subject to frequent regulatory change. Certain segments may be highly dependent upon various government (or private) reimbursement programs.

The ACON Investment Vehicles may make investments in portfolio companies operating in industries that are subject to greater amounts of regulation than other industries generally. These more highly-regulated industries may include the following (although this list is not exhaustive): energy, communications, technology, health care, financial services (including banking and mortgage servicing), insurance, transportation (e.g., aviation), shipping, wildlife, food services, and also businesses that serve customers that are governmental entities, including in the defense industry (collectively, the "**regulated industries**").

Investments in portfolio companies that are subject to greater amounts of governmental regulation pose additional risks relative to investments in other companies generally. Changes in applicable laws or regulations, or in the interpretations of these laws and regulations, could result in increased compliance costs or the need for additional capital expenditures and/or regulatory capital requirements in the case of banks or similarly regulated entities. A portfolio company also could be materially and adversely affected as a result of statutory or regulatory changes or judicial or administrative interpretations of existing laws and regulations that impose more comprehensive or stringent requirements on such company. Governments have considerable discretion in implementing regulations that could impact a portfolio company's business and governments may be influenced by political considerations and may make decisions that adversely affect a portfolio company's business. Additionally, certain portfolio companies may have a unionized work force or employees who are covered by a collective bargaining agreement, which could subject any such portfolio company's activities and labor relations matters to complex laws and regulations relating thereto. Moreover, a portfolio company's operations and profitability could suffer if it experiences labor relations problems.

While an ACON Investment Vehicle intends to invest in companies that seek to comply with applicable laws and regulations, the laws and regulations relating to certain industries, including, in particular, the regulated industries, are complex, may be ambiguous or may lack clear judicial or regulatory interpretive guidance. An adverse review or determination by any applicable judicial or regulatory authority of any such law or regulation, or an adverse change in applicable regulatory requirements or reimbursement programs, could have a material adverse effect on the operations and/or financial performance of the companies in which an Investment Vehicle invests.

Use of leverage at the portfolio company level. ACON Investment Vehicles will frequently make use of leverage by, for example, having a portfolio company incur debt to finance a portion of its investment in such portfolio company, including in respect of companies not rated by credit agencies. Leverage generally magnifies both the ACON Investment Vehicle's opportunities for gain and its risk of loss from a particular investment. The cost and availability of leverage is highly dependent on the state of the broader credit markets (and such credit markets may be impacted by regulatory restrictions and guidelines), which state is difficult to accurately forecast, and at times it may be difficult to obtain or maintain the desired degree of leverage. In these circumstances, the ACON Investment Vehicle may be required to deploy additional commitments, to the extent available, which would further increase concentration. The use of leverage also typically imposes restrictive financial and operating covenants on a company, in addition to the burden of debt service, and may impair its ability to operate its business as desired and/or finance future operations and capital needs. The leveraged capital structure of portfolio companies will increase the exposure of the ACON Investment Vehicle's investments to any deterioration in a portfolio company's condition or industry sector, competitive pressures, an adverse economic environment or rising interest rates and could accelerate and magnify declines in the value of the ACON Investment Vehicle's investments in the leveraged portfolio companies in a down market. In the event any portfolio company cannot generate adequate cash flows to meet its debt service, the ACON Investment Vehicle may suffer a partial or total loss of capital invested in the portfolio company, which could adversely affect the returns of such vehicle. Furthermore, should the credit markets be limited or costly at the time the ACON Investment Vehicle determines that it is desirable to sell all or a part of a portfolio company, the ACON Investment Vehicle may not achieve an exit multiple or enterprise valuation consistent with its forecasts. Moreover, the company in which the ACON Investment Vehicle will invest generally will not be rated by a credit rating agency.

Principal and interest payments on indebtedness (including loans having "balloon" payments) may be required regardless of the sufficiency of cash flow from the investments. Loans requiring "balloon" payments may involve greater risks than loans where the principal amount is fully or partially amortized

over the term of the loan, since the ability to repay the outstanding principal amount of a “balloon” loan may be dependent upon the liquidity of the portfolio company or the ability to obtain adequate replacement financing, which will, in turn, be dependent upon interest rates and lenders’ policies at the time of refinancing, economic conditions in general and the value of the underlying investment. There is no assurance that replacement financing will be available to make “balloon” payments or that any replacement financing available will be on favorable terms. Lenders or other holders of senior positions to the ACON Investment Vehicle’s equity will be entitled to a preferred cash flow prior to the ACON Investment Vehicle receiving a return on leveraged portfolio companies, and in the event a portfolio company is unable to generate sufficient cash flow to meet the principal and interest payments on its indebtedness or where there is a breach of a performance covenant, the value of the ACON Investment Vehicle’s equity investment in such portfolio company could be significantly reduced or even eliminated and distributions may be reduced or suspended to repay the borrowings.

Bridge financings. From time to time, ACON Investment Vehicles have provided, and may in the future provide, interim financing to a portfolio company, including in anticipation of a future issuance of equity or long-term debt securities, in anticipation of another refinancing or where such portfolio company has an identified short-term financing need, among other reasons. Such bridge financings may be convertible into a more permanent, long-term securities issuance or other refinancing may not occur and such bridge investments and interim investments may remain outstanding and be treated as a permanent investment in such portfolio company. ACON will determine in its sole discretion the terms, including the interest rate (if any) or other price to be charged, applicable to parties acquiring or refinancing bridge financings from an ACON Investment Vehicle. Such interest rate, or price or other terms may not adequately reflect the ACON Investment Vehicles’ cost of capital or the risk such investment would not be sold or refinanced. In such event, the interest rate or other terms of such investments may not adequately reflect the risk associated with the position taken by the ACON Investment Vehicle.

Controlling person liability. Although it is ACON’s intention to structure investments to avoid liability for the ACON Investment Vehicles, because of its equity ownership, representation on the board of directors and/or contractual rights, the ACON Investment Vehicle is often considered to control, participate in the management of or influence the conduct of portfolio companies. Although such positions in certain circumstances may be important to the ACON Investment Vehicle’s investment strategy and may enhance ACON’s ability to manage such vehicle’s investments, they may also have the effect of impairing ACON’s ability to sell the related securities when, and upon the terms, it may otherwise desire, and may subject ACON and the ACON Investment Vehicle to claims they would not otherwise be subject to as an investor, including claims of breach of the duty of loyalty, securities claims and other director or officer related claims. In general, the ACON Investment Vehicle will indemnify ACON and its affiliates and its representatives from such claims.

In addition, the exercise of control over a company may cause a court to ignore the presumption of separateness with respect to the ACON Investment Vehicle and a portfolio company. Such a determination would impose additional risks of liability for environmental damage, product defects, pension and other fringe benefits, failure to supervise management, violation of laws and governmental regulations (including securities laws), violations of fiduciary duties to minority owners and other types of liability, including in the case of debt investments, lender liability. Such liabilities may exceed the value of the ACON Investment Vehicle’s investment in that portfolio company. For example, if deemed to be a direct owner or operator of any of a portfolio company’s facilities or operations under such laws, the ACON Investment Vehicle could face strict, joint and several liability under environmental laws for hazardous substance or contamination related liabilities. While ACON intends to manage the ACON Investment Vehicle in a manner that will minimize the exposure of these risks and successfully “piercing the corporate veil” is a rare and

extraordinary legal remedy in most circumstances, the possibility of successful claims against the ACON Investment Vehicle and/or one or more of its affiliates or subsidiaries cannot be precluded.

Furthermore, the ACON Investment Vehicle is likely to be represented on the boards of directors (or similar governing bodies) of many of its portfolio companies or have its representatives serve as observers to such boards of directors and/or governing bodies. Under certain circumstances, ACON personnel also have served, and may in the future serve, as officers of portfolio companies. Although such positions in certain circumstances may be important to the ACON Investment Vehicle's investment strategy and may enhance ACON's ability to manage the ACON Investment Vehicle's investments, they may also have the effect of impairing ACON's ability to sell the related securities when, and upon the terms, it may otherwise desire. In addition, such positions could increase the risk that courts or regulators will hold the ACON Investment Vehicle responsible for non-compliance issues at the portfolio company. Such positions may subject ACON, its personnel and the ACON Investment Vehicle to claims they would not otherwise be subject to as an investor, including claims of breach of duty of loyalty, securities claims and other director or officer related claims. Not all portfolio companies may obtain insurance with respect to such liability, and the insurance that portfolio companies do obtain may be insufficient to adequately protect officers and directors from such liability. In general, the ACON Investment Vehicle will indemnify ACON, its affiliates and ACON's personnel and other persons acting on ACON's behalf in connection with the investment from such claims. In addition, involvement in litigation can be time consuming for such persons and can divert the attention of such persons from the ACON Investment Vehicle's investment activities.

Lack of unilateral control in investments. Even if an ACON Investment Vehicle is the majority investor or controlling shareholder, as applicable, of a portfolio company, in certain circumstances it will not have unilateral control of such portfolio company. To the extent an ACON Investment Vehicle invests alongside third parties, the relevant portfolio company may be controlled or influenced by persons who have economic or business interests, investment or operational goals, tax strategies or other considerations that differ from or are inconsistent with those of such ACON Investment Vehicle or the investors therein. Such third parties may be in a position to take action contrary to such Investment Vehicle's business, tax or other interests, and such Investment Vehicle may not be in a position to limit such contrary actions or otherwise protect the value of its investment. When taking non-control positions, an Investment Vehicle generally will seek to negotiate certain negative controls and veto rights on major decisions, but there can be no assurance that such vehicle will be able to control the timing or occurrence of an exit strategy for such portfolio companies in a manner that maximizes or protects value.

Strategic investors; investments in joint ventures. Consistent with past practice, an ACON Investment Vehicle may jointly invest in transactions with one or more strategic investors or other co-parties (which may consist of third parties or investors), including through joint ventures or other entities. Such investments will involve risks not present in direct investments, including, for example, the outcomes of collaborative decision-making varying (adversely) from those which ACON would have independently reached on behalf of an ACON Investment Vehicle, and the possibility that such co-party might become bankrupt, or might have interests, objectives, rights or remedies that are different from or may conflict with those of the ACON Investment Vehicles. Such investments may also involve risks not present in investments for which an Investment Vehicle invests alone. Furthermore, if any such co-party becomes bankrupt or defaults on its funding obligations, it may be difficult for the Investment Vehicle to make up the shortfall. The Investment Vehicle may be required to make additional contributions to replace such shortfall, reducing the diversification of such Investment Vehicle's investments. The ACON Investment Vehicle may also be liable for the conduct of its co-venture parties. In addition, in negotiating an investment through joint ventures or other similar arrangements, the ACON Investment Vehicle may have to agree to less favorable terms (e.g., bearing a disproportionate share of expenses) than might be present in direct investments or traditional co-investment arrangements.

Minority investments. An ACON Investment Vehicle may hold meaningful minority stakes in privately held companies and in some cases is expected to have limited minority protection rights. In addition, during the process of, or as a result of exiting investments, an ACON Investment Vehicle at times may hold minority equity stakes of any size such as might occur if portfolio companies are taken public. As is the case with minority holdings in general, such minority stakes that an Investment Vehicle holds will have neither the control characteristics of majority stakes nor the valuation premiums typically accorded to majority or controlling stakes. Where an ACON Investment Vehicle holds a minority stake, it may be more difficult for such vehicle to liquidate its interests than it would be had such vehicle owned a controlling interest in such company. Even if an ACON Investment Vehicle has contractual rights to seek liquidity of its minority interests in such companies, it is expected to be very difficult to sell such interests or seek a sale of such company upon terms acceptable to such vehicle, especially in cases where the interests of the other investors in such company have different business and investment objectives and goals.

Public company holdings. Subject to the terms of the Investment Agreements, the ACON Investment Vehicles' investment portfolio may contain securities and debt issued by publicly held companies. Such investments may subject the Investment Vehicles to risks that differ in type or degree from those involved with investments in privately held companies. Such risks include greater volatility in the valuation of such companies, increased obligations to disclose information regarding such companies, limitations on the ability of the ACON Investment Vehicles to dispose of such securities and debt at certain times, increased likelihood of shareholder litigation and insider trading allegations against such companies' executives and board members, including the ACON Investment Vehicles, ACON, the Principals and ACON's other personnel, and increased costs associated with each of the aforementioned risks.

Cyber and disaster recovery risks. ACON Investment Vehicles and ACON must rely in part on digital and network technologies, including electronic mail (collectively, "**Cyber Networks**"), to maintain substantial computerized data and other information about ACON Investment Vehicles, including personal identifying data and information relating to investors as well as sensitive, confidential and/or proprietary data and information relating to prospective and existing portfolio companies of ACON Investment Vehicles (collectively, "**Sensitive Information**"). Such Cyber Networks, along with the Cyber Networks of prospective and existing portfolio companies or those of ACON's third-party service providers, might in some circumstances be subject to a variety of possible cybersecurity incidents or similar events that could potentially result in the inadvertent disclosure of Sensitive Information to unintended parties, or the intentional misappropriation or destruction of Sensitive Information by malicious hackers seeking to compromise Sensitive Information, corrupt data, or cause operational disruption. Cyber-attacks might potentially be carried out by persons using techniques that could range from, among others, efforts to circumvent network security electronically or overwhelm websites to intelligence gathering and social engineering functions aimed at obtaining information necessary to gain access. ACON's and its portfolio companies' Cyber Networks also may be vulnerable to damage or interruption from computer viruses, network, computer and telecommunication failures, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes, earthquakes and other catastrophic events. Cyber-attacks might potentially be carried out by persons using techniques that could range from efforts to circumvent network security electronically or overwhelm websites to intelligence gathering and social engineering functions aimed at obtaining information necessary to gain access. Cyber-attacks may also take the form of socially-engineered frauds, such as "phishing." Third parties may also attempt to fraudulently induce employees, customers, third-party service providers or other users of ACON's systems to disclose sensitive information in order to gain access to ACON's data or that of the ACON Investment Vehicles' investors or portfolio companies. Companies and service providers have also been subject to "ransomware" attacks.

To the extent that ACON, any ACON Investment Vehicle, a portfolio company or one or more of their respective service providers is subject to cyber-attack or other unauthorized access is gained to their information technology systems, substantial losses may occur in the form of stolen, lost or corrupted (i) data or payment information; (ii) financial information; (iii) software, contact lists or other databases; (iv) proprietary information or trade secrets; (v) cash; or (vi) other items. If technology systems are compromised, become inoperable for extended periods of time or cease to function properly, the Adviser, the Investment Vehicles and/or portfolio companies may incur significant time or expense to fix or replace them and to seek to remedy the effects of such issues. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the Adviser's, the Investment Vehicles', portfolio companies' and/or service providers' operations, including the ability to make distributions to investors, and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors and the beneficial owners of investors. In certain events, ACON's, an ACON Investment Vehicle's and/or a portfolio company's failure or deemed failure to address and mitigate cybersecurity risks may be the subject of civil litigation or regulatory or other action. The use of internet- or cloud-based programs, technologies and data storage applications generally heightens these risks, and the risks of attack are expected to be heightened in remote work environments. Such cybersecurity and disaster recovery incidents could also result in reputational harm to ACON, the ACON Investment Vehicles and/or any affected portfolio company. Any of such circumstances could subject ACON, the ACON Investment Vehicles or its portfolio companies to substantial losses, including losses relating to: misappropriation of assets, intellectual property or confidential information; corruption, deletion or destruction of data; physical damage and repairs to systems; reputational harm; financial losses from remedial actions; and/or disruption of operations. Third parties, including activist, criminal, nation-state or terrorist actors, may also attempt fraudulently to induce portfolio companies or their personnel to disclose sensitive information (including passwords) in order to gain access to data, accounts, funds or other assets, or otherwise to inflict harm. In addition, in the event that such a cyber-attack or other unauthorized access is directed at ACON or one of its service providers holding its financial or investor data, ACON, its affiliates or the Funds may also be at risk of loss.

Environmental, social and governance ("ESG") matters. The Adviser maintains an ESG policy and seeks to integrate certain ESG factors into its investment process in accordance with its policy and subject to its fiduciary duty and any applicable legal, regulatory or contractual requirements. There is no guarantee that the Adviser will be able to successfully implement its ESG policy or make investments in companies that create a positive ESG impact while achieving its investment strategy. In addition, applying ESG factors to investment decisions is qualitative and subjective by nature, and there is no guarantee that the criteria utilized by the Adviser, or any judgment exercised by the Adviser, will reflect the beliefs or values of any particular investor. There are also significant differences in interpretations of what positive ESG characteristics mean by region, industry and topic. The Adviser's interpretations and decisions may differ from others' views and could also evolve over time. In addition, in evaluating an investment, the Adviser expects to depend upon information and data provided by a number of sources, including the relevant investments and/or various reporting sources which could be incomplete, inaccurate or unavailable, and which could cause the Adviser to incorrectly assess a company's ESG practices and/or related risks and opportunities. The Adviser does not intend independently to verify all ESG information reported by target investments or third parties. Further, considering ESG qualities when evaluating an investment could result in the selection or exclusion of certain investments based on the Adviser's view of certain ESG-related and other factors and could cause the relevant Investment Vehicles not to make an investment that they would have made or to make a management decision with respect to an investment differently than they would have made in the absence of the ESG policies, which could negatively impact the Adviser's performance.

Further, ESG practices are evolving rapidly and there are different principles, frameworks, methodologies, and tracking tools being implemented by other asset managers, and ACON's adoption and adherence to

various such principles, frameworks, methodologies and tools is expected to vary over time. There is also a growing regulatory interest across jurisdictions in improving transparency regarding the definition, measurement and disclosure of ESG factors. The Adviser's ESG policies could become subject to additional regulation in the future, and the Adviser cannot guarantee that its current approach will meet future regulatory requirements.

CFIUS and national security clearance considerations. Certain investments are expected to be subject to or require review and approval by the U.S. Committee on Foreign Investment in the United States (“CFIUS”), such as where CFIUS-related laws, regulations or guidance deem non-U.S. persons or entities under their control (such as a Fund or Investment Vehicle, co-investors and/or rollover sellers) to be acquiring a U.S. business (including a business with assets, employees, facilities, and/or operations in the United States). CFIUS has the authority to review proposed or existing transactions or investments or to seek to impose limitations on or prohibit investments, and CFIUS filings and other considerations can materially impact transaction timing, feasibility, certainty and costs. In certain circumstances, CFIUS considerations have the potential to prevent an Investment Vehicle from maintaining or pursuing investments, or limit the universe of available buyers for an existing investment. Any of these factors have the potential to adversely affect an Investment Vehicle's performance, and the likelihood that CFIUS considerations will be implicated is expected to increase where non-U.S. investors comprise a substantial percentage of an ACON Investment Vehicle. Under the Investment Agreements, the relevant GP/Manager generally is authorized, although not required, to excuse or otherwise limit non-U.S. investors' ability to invest in U.S. businesses (or to exercise voting or advisory committee rights with respect thereto) in order to anticipate or comply with CFIUS considerations. However, there can be no assurance that invoking any such excuse provisions or other limitations will allow the Investment Vehicle to proceed with or maintain any investment, or to avoid losses relating thereto. Similar considerations are expected to apply with respect to reviews by non-U.S. national security or investment clearance regulators.

United Kingdom (“UK”) exit from the European Union (the “EU”). On March 29, 2017, the United Kingdom formally notified the European Council of its intention to leave the EU (“Brexit”). The UK formally left the EU on January 31, 2020, and entered a transition period that ended on December 31, 2020. On December 24, 2020, the UK government and the EU Commission provisionally agreed a trade and cooperation agreement governing their future relationship, which, following a ratification process, is expected to apply on a provisional basis through an additional transition period. Although provisionally agreed, the terms of the UK's ongoing and future relationship with the EU are still uncertain, including the extent to which UK businesses will have access to the EU single market and the extent to which EU businesses have access to the UK market. There is also risk of significant disruption to trade between the UK and the EU, particularly as new trade arrangements are intended to be ratified and implemented. There can be no assurance that any renegotiated laws or regulations will not have an adverse impact on an ACON Investment Vehicle or its investments, including the ability of an Investment Vehicle to achieve its investment objectives. The legal, political and economic uncertainty generally resulting from the UK's exit from the EU may adversely affect both EU and UK-based businesses, including ACON and ACON Investment Vehicle investments, as applicable. This uncertainty may also result in an economic slowdown and/or a deteriorating business environment in the UK and in one or more EU member states.

Uncertain economic, social, and political environment. An unstable geopolitical climate and continued threats of terrorism could have a material adverse effect on general economic conditions, market conditions and market liquidity. A resulting negative impact on economic fundamentals and consumer confidence may decrease available funding and increase the risk of default of particular portfolio companies, negatively impact market value, increase market volatility, cause credit spreads to widen, and reduce liquidity, all of which could have an adverse effect on ACON, Investment Vehicle returns, and ACON's ability to source,

manage and divest investments. No assurance can be given as to the effect of these events on the value of the Investment Vehicles' investments.

Consumer, corporate and financial confidence may be adversely affected by current or future tensions around the world, fear of terrorist activity and/or military conflicts, localized or global financial crises or other sources of political, social or economic unrest. Such erosion of confidence may lead to or extend a localized or global economic downturn. Further, the outcome of elections creates uncertainty with respect to legal, tax and regulatory regimes in which the Investment Vehicles, ACON and their affiliates, as well as the potential portfolio companies, may operate. A climate of uncertainty may reduce the availability of potential investment opportunities, and increases the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections. Any significant changes in, among other things, economic policy (including with respect to interest rates and foreign trade), the regulation of the asset management industry, tax law, immigration policy and/or government entitlement programs could have a material adverse impact on an Investment Vehicle and its investments. In addition, limited availability of credit for consumers, homeowners and businesses, including credit used to acquire businesses, in an uncertain environment or economic downturn may have an adverse effect on the economy generally and on the ability of an Investment Vehicle and its portfolio companies to execute their respective strategies and to receive an attractive multiple of earnings on the disposition of businesses. This may slow the rate of future investments by such Investment Vehicle and result in longer holding periods for investments. Furthermore, such uncertainty or general economic downturn may have an adverse effect upon an ACON Investment Vehicle's portfolio companies.

Russia-Ukraine conflict. There is currently an ongoing military conflict between Russia and the Ukraine which has caused disruption to global financial systems, trade and transport, among other things. In response, multiple other countries have put in place global sanctions and other severe restrictions or prohibitions on the activities of individuals and businesses connected to Russia. However, the ultimate impact of the Russia-Ukraine conflict and its effect on global economic and commercial activity and conditions, and on the operations, financial condition and performance of the Investment Vehicles or any particular industry, business or investee country and the duration and severity of those effects, is impossible to predict.

The Russia-Ukraine conflict may have a significant adverse impact and result in significant losses to the Investment Vehicles. This impact may include reductions in revenue and growth, unexpected operational losses and liabilities and reductions in the availability of capital. It may also limit the ability of an Investment Vehicle to source, diligence and execute new investments and to manage, finance and exit investments in the future. Developing and further governmental actions (military or otherwise) may cause additional disruption and constrain or alter existing financial, legal and regulatory frameworks and systems in ways that are adverse to the investment strategy which any Investment Vehicle intends to pursue, all of which could adversely affect an Investment Vehicle's ability to fulfill its investment objectives.

Public health crises. Pandemics and other widespread public health emergencies, including outbreaks of infectious diseases such as SARS, H1N1/09 flu, avian flu, ebola and the continued coronavirus outbreak ("COVID-19"), have resulted and are resulting in market volatility and disruption, and future such emergencies have the potential to materially and adversely impact economic production and activity in ways that are impossible to predict, all of which may result in significant losses to the ACON Investment Vehicles.

The ultimate impact of COVID-19 on global economic conditions, and on the operations, financial condition and performance of any particular industry or business, is impossible to predict, although ongoing

and potential additional materially adverse effects, including a further global or regional economic downturn (including a recession) of indeterminate duration and severity, are possible.

The ongoing COVID-19 crisis and any other public health emergency could have a significant adverse impact and result in significant losses to the ACON Investment Vehicles. The extent of the impact on the ACON Investment Vehicles and their portfolio companies' operational and financial performance will depend on many factors, all of which are highly uncertain and cannot be predicted, and this impact may include significant reductions in revenue and growth, unexpected operational losses and liabilities, impairments to credit quality and reductions in the availability of capital. These same factors may limit the ability of the ACON Investment Vehicles to source, diligence and execute new investments and to manage, finance and exit investments in the future, and governmental mitigation actions may constrain or alter existing financial, legal and regulatory frameworks in ways that are adverse to the investment strategy each ACON Investment Vehicle intends to pursue, all of which could adversely affect the ACON Investment Vehicles' ability to fulfill its investment objectives. They may also impair the ability of portfolio companies or their counterparties to perform their respective obligations under debt instruments and other commercial agreements (including their ability to pay obligations as they become due), potentially leading to defaults with uncertain consequences. In addition, the operations of the ACON Investment Vehicles, their portfolio companies, and ACON may be significantly impacted, or even temporarily or permanently halted, as a result of government quarantine measures, restrictions on travel and movement, remote-working requirements and other factors related to a public health emergency, including its potential adverse impact on the health of any such entity's personnel. These measures may also hinder such entities' ability to conduct their affairs and activities as they normally would, including by impairing usual communication channels and methods, hampering the performance of administrative functions such as processing payments and invoices, and diminishing their ability to make accurate and timely projections of financial performance.

Climate change. Climate change and related regulation could result in significantly increased operating and capital costs and could reduce demand for the products and services of certain ACON Investment Vehicle portfolio companies. The ACON Investment Vehicles may acquire portfolio companies that are located, or have operations, in areas that are subject to climate change and, as such, there may be significant physical effects of climate change that have the potential to have a material effect on the ACON Investment Vehicles' business and operations. Physical impacts of climate change may include, without limitation: increased storm intensity and severity of weather (*e.g.*, floods or hurricanes); wildfires; sea level rise; and extreme temperatures. For example, many climate models indicate that global warming is likely to result in rising sea levels and increased frequency and severity of weather events, which may lead to higher insurance costs, or a decrease in available coverage, for portfolio companies in areas subject to severe weather. These climate-related changes could damage a portfolio company's physical infrastructure, especially operations located in low-lying areas near coasts and river banks, and facilities situated in hurricane-prone and rain-susceptible regions, among others.

As a result of these impacts from climate-related events, the Investment Vehicles may be vulnerable to the following: risks of property damage to the Investment Vehicles' investments; indirect financial and operational impacts from disruptions to the operations of the Investment Vehicles' portfolio companies due to severe weather or other unforeseen climate-related events; increased insurance premiums and deductibles or a decrease in the availability of coverage for portfolio companies in areas subject to severe weather; decreased net migration to areas in which investments are located, resulting in lower than expected demand for both investments and the products and services of the Investment Vehicles' portfolio companies; increased insurance claims and liabilities; increase in energy costs impacting operational returns; changes in the availability or quality of water, food or other natural resources on which the portfolio companies' business depends; decreased consumer demand for portfolio company products or services resulting from

physical changes associated with climate change; incorrect long-term valuation of an equity investment due to changing conditions not previously anticipated at the time of the investment; and economic distributions arising from the foregoing.

Inflation. Changing demand patterns from economic and political volatility and uncertainty, including as a result of the COVID-19 pandemic, a worsening of the ongoing labor shortage, and sustained higher prices across the board, changes in global trade policies, increasing geopolitical tensions and trends such as populism and economic nationalism continue to have a significant impact resulting in a rise in inflation. The uncertain nature, magnitude and duration of hostilities stemming from the Russia-Ukraine conflict, including the potential effects of sanctions and retaliatory cyber-attacks on the world economy and markets, have contributed to such rise in inflation.

If a portfolio company is unable to increase its revenue in such times of higher inflation, its profitability will be adversely affected. The ACON Investment Vehicle portfolio companies could in some cases have long-term rights to income linked to some extent to inflation, including, without limitation, by government regulations and contractual arrangements. Typically, as inflation rises, a portfolio company will earn more revenue but also will incur higher expenses; as inflation declines, a portfolio company might be unable to reduce expenses in line with any resulting reduction in revenue. A rise in real interest rates would likely result in higher financing costs for portfolio companies and could therefore result in a reduction in the amount of cash available for distribution to investors. There can be no assurance that inflation will not continue to be a serious problem in the future and thereby negatively affect an ACON Investment Vehicle's investment returns.

Financial Institution risk; Distress Events. An investment in an ACON Investment Vehicle is subject to the risk that one of the banks, brokers, counterparties, clearinghouses, exchanges, lenders or other custodians (each, a “**Financial Institution**”) of some or all of the ACON Investment Vehicle's (or any portfolio company's) assets fails to timely perform or otherwise defaults on its obligations or experiences insolvency, closure, seizure, receivership or other financial distress or difficulty (each, a “**Distress Event**”). Distress Events can be caused by factors including, but not limited to, eroding market sentiment, significant withdrawals, fraud, malfeasance, poor performance, undercapitalization, market forces or accounting irregularities. If a Financial Institution experiences a Distress Event, the Adviser, the GP/Manager, an ACON Investment Vehicle or one or more of the portfolio companies may be unable to access deposits, borrowing facilities or other services, either permanently or for an extended, potentially indeterminate, period of time. Although assets held by regulated Financial Institutions in the United States frequently are insured up to stated balance amounts by government-sponsored organizations such as the Federal Deposit Insurance Corporation, in the case of banks, and the Securities Investor Protection Corporation, in the case of certain broker-dealers, amounts in excess of the stated amounts are subject to risk of total loss, and any non-U.S. Financial Institutions that are not subject to similar regimes pose comparable risk of loss. While in recent years governmental intervention has resulted in additional protections for depositors and counterparties in connection with Distress Events, there can be no assurance that such intervention will occur in connection with any future Distress Event or that any such intervention undertaken will be successful or avoid the risks of loss, delays or negative impacts on banking or brokerage conditions or markets.

Any Distress Event could have a potentially adverse effect on the ability of the GP/Manager to manage an ACON Investment Vehicle and its investments, and on the ability of the GP/Manager, an ACON Investment Vehicle and any portfolio company to maintain operations, which, in each case, could result in significant losses and in unconsummated investment acquisitions and dispositions. Such losses could include: a loss of funds; an obligation to pay fees and expenses in the event an ACON Investment Vehicle is unable to close a transaction (whether due to the inability to draw capital on a credit line provided by a Financial

Institution experiencing a Distress Event, the inability of an ACON Investment Vehicle to access capital contributions or otherwise); the inability of an ACON Investment Vehicle to acquire or dispose of investments, including at prices that the GP/Manager believes reflect the fair value of such investments; and the inability of the Adviser or the portfolio investments to make payroll, fulfill obligations or maintain operations. If a Distress Event leads to a loss of access to a Financial Institution's services, it is also possible that an ACON Investment Vehicle or a portfolio investment will incur additional expenses or delays, or incur additional expenses, in putting in place alternative arrangements, or that such alternative arrangements will be less favorable than those formerly in place (with respect to economic terms, service levels, availability, access to capital or otherwise). To the extent the GP/Manager is able to exercise contractual remedies under agreements with Financial Institutions in the event of a Distress Event, there can be no assurance that such remedies will be successful or avoid losses, delays or other negative impacts. ACON Investment Vehicles and their portfolio companies are subject to similar risks if a Financial Institution utilized by investors in an ACON Investment Vehicle or by suppliers, vendors, contractors, service providers or other counterparties of an ACON Investment Vehicle or a portfolio company becomes subject to a Distress Event, which could have a material adverse effect on an ACON Investment Vehicle and/or one or more of its portfolio companies.

Many Financial Institutions require, as a condition to using certain of their services (often including lending services), that the GP/Manager and/or ACON Investment Vehicles maintain all or a set amount or percentage of their respective accounts or assets with that Financial Institution, which heightens the risks associated with a Distress Event with respect to such Financial Institutions. Although the GP/Manager seeks to do business with Financial Institutions that it believes are established, well-capitalized and capable of fulfilling their respective obligations to the ACON Investment Vehicle, the GP/Manager is under no obligation to use a minimum number of Financial Institutions with respect to an ACON Investment Vehicle or to maintain account balances at or below the relevant insured amounts, and the rapid collapse in the first quarter of 2023 of several seemingly well-capitalized and established institutions demonstrates that there are limits to the effectiveness of this approach in avoiding counterparty exposure. Under certain circumstances, such as receiving capital contributions pursuant to a capital call or proceeds from a disposition, an ACON Investment Vehicle will not be able to maintain account balances at or below any relevant insured amounts.

Certain Conflicts of Interest

ACON, its affiliates and its related entities engage in a broad range of advisory and non-advisory activities, including investment activities for their own account and for the account of other Investment Vehicles and providing transaction-related, investment advisory, legal, management and other services to Investment Vehicles, SPACs and their respective portfolio companies. Accordingly, various potential and actual conflicts of interest will arise from time to time with respect to the overall investment activities of the GPs/Managers and their affiliates, including other ACON Investment Vehicles and their respective portfolio companies. The following paragraphs summarize some of these conflicts, but are not intended to be an exclusive list of all such conflicts. For purposes of this section, (i) “**ACON Personnel**” shall mean partners, members, shareholders, officers, directors, managers, employees and other personnel of ACON, and (ii) all references to ACON will be deemed to include ACON Personnel unless the context otherwise requires. ACON Personnel reserve the right to manage their own personal investments, whether or not through a formal family office or estate planning structure, and to pay or receive compensation relating to these arrangements. Unless restricted by the Investment Agreements, ACON Personnel are permitted to serve on boards or act in other roles unaffiliated with ACON, any ACON Investment Vehicles or their portfolio companies, including boards of charitable and educational institutions, public companies and former portfolio companies, and receive compensation in connection with such services and roles.

Secondary transfers. Where the Adviser or its affiliates have discretion over a secondary transfer of interests in an ACON Investment Vehicle pursuant to such vehicle's Investment Agreement, or is asked to identify potential purchasers in a secondary transfer, ACON will do so in its sole discretion and in accordance with any requirements set forth in the Investment Agreements for the applicable Investment Vehicle. Factors considered in performing these activities include, but are not limited to, one or more of the following: ACON's evaluation of the financial resources of the potential purchaser, including its ability to meet capital contribution obligations; ACON's past experiences and relationships with the potential purchaser, including a consideration of whether the potential purchaser would help establish, recognize, strengthen and/or cultivate relationships that may provide indirectly longer-term benefits to current or future ACON Investment Vehicles or ACON; the existence of investments by the prospective purchaser in other ACON Investment Vehicles or the likelihood that the prospective purchaser may commit to a future ACON Investment Vehicle, the expected amount of negotiations required in connection a potential purchaser's investment; whether the potential purchaser would subject ACON, the applicable Investment Vehicle or its or their affiliates to legal, regulatory, reporting, public relations, media or other burdens; and such other facts and considerations as ACON deems appropriate under the circumstances in exercising such discretion. The relevance of each factor will vary in each circumstance, with no single criteria expected to consistently outweigh others.

Other Fees. ACON and its affiliates have received, and in the future expect to receive, from prospective portfolio companies, actual portfolio companies or their respective affiliates or third parties, acquisition and disposition, directors', financial consulting, advisory, M&A advisory, commitment, monitoring, set-up, financial advisory, operational consulting, origination and other fees, as well as break-up fees. There is no guarantee these fees will be negotiated on an arm's-length basis, particularly where ACON controls the portfolio company and the payment of such fees could negatively impact the performance of the relevant portfolio company. In addition, certain of these fees may be calculated on the basis of estimated financial results of a portfolio company over a particular time period, with no provisions requiring a true-up for actual financial results over such time period. Moreover, in many cases, fees charged or received by ACON or its affiliates are based on enterprise value or other metrics relating to a portfolio company, the acquisition of or investment in such company, or the ongoing monitoring thereof, and there can be no assurance that the amount of fees charged will be tied to or proportional to the amount of hours of work performed on behalf of the portfolio company.

In certain circumstances, such as those relating to short- or long-term portfolio company cash or liquidity needs, and regardless of whether the portfolio company is undergoing financial stress, ACON reserves the right to accrue, defer or forego payments of various fees, and reserves the right to charge interest at then-available rates with respect to such amounts.

The right of ACON and its GPs/Managers and affiliates to receive Other Fees may create a conflict of interest between ACON, on the one hand, and the various Investment Vehicles and their investors, on the other hand, because the fees may be substantial, and the Investment Vehicles and their investors do not have a direct interest in the fees. ACON believes, however, that the equity commitments made by owners of the Adviser and other ACON personnel in the Investment Vehicles, significantly mitigates this potential conflict. In addition, ACON believes this potential conflict is often further mitigated by the fact that Other Fees may become limited as the result of negotiations involving third parties, such as with sellers, buyers, and management teams or boards of directors of, or lenders to, portfolio companies.

Use of secondees/interim employee arrangements, operating professionals, executive advisors and other consultants. From time to time, ACON, the Investment Vehicles or portfolio companies engage and retain, typically on an independent contractor basis, various senior advisors, operating executives and other advisory, consulting and similar professionals to provide consulting services to our portfolio companies

and Investment Vehicles on a range of operational and other issues. Often, these executives have meaningful professional relationships with ACON. In certain cases, these executives are former employees of ACON or certain portfolio companies. These executives provide a variety of services to ACON, the Investment Vehicles or our portfolio companies, including without limitation supplementary deal sourcing; company monitoring and both general and specific operating skills such as supply chain, information technology, branding and marketing, restructuring and other areas of expertise; senior executive experience; industry expertise; regional market expertise; and assistance with conducting due diligence of targeted investments. In certain cases, these executives have attributes of ACON personnel (for instance, they may have dedicated office space, receive administrative support services, participate in meetings or events for ACON personnel, work on ACON matters as their primary or sole business activity, have ACON e-mail address or business cards and participate in certain benefit arrangements typically reserved for ACON employees), even though they are not employees of ACON. The nature of the relationship with each such executive and the amount of time devoted or required to be devoted by them varies significantly. ACON refers to certain of these executives as its **“operating partners”** or **“operating professionals”**. ACON refers to those who do not form part of ACON’s operating professionals team with various designations, including executive consultant, advisor, executive advisor and senior advisor, among others (collectively, the **“executive advisors”**). Often, ACON has engaged the executive advisors on behalf of its Investment Vehicles to assist ACON in sourcing, analyzing and executing investments, often with the intention that such executives will assume board, executive or other management roles at the portfolio companies they identify.

Typically, ACON or an ACON Investment Vehicle, will compensate the operating partners and executive advisors in accordance with a compensation arrangement agreed among the parties. To the extent any such person’s time is allocated to a portfolio company or a target portfolio company with respect to the provision of the above-referenced operational services and/or due diligence, a portion of such person’s compensation will be allocated to and paid (or reimbursed, if applicable) by such portfolio company or Investment Vehicle. Such allocations will be made by ACON in a manner that ACON believes to be fair, equitable and consistent with the terms of such portfolio company’s management services agreement or other arrangement and in any case in its sole discretion. Operating partners and executive advisors also will be reimbursed for travel and other costs in connection with their services. In addition to compensation and expense reimbursement that these operating professionals and executive advisors receive from ACON or an ACON Investment Vehicle, they also may receive payments from portfolio companies directly, such as cash; retainers; salary; bonuses (whether or not based on pre-determined milestones); fees; incentive equity, profits, participation or other equity interest or stock awards in the portfolio company, a holding company or ACON Investment Vehicle; guaranteed minimum payments; a share of proceeds upon sale of a portfolio company; or other compensation including pursuant to negotiated arrangements.

In certain circumstances, current or former ACON personnel serve in interim or part-time roles at one or more portfolio companies, or provide services to portfolio companies as secondees or in similar capacities, while maintaining certain benefits, support services or indicia of employment at ACON. Under such arrangements, ACON, an ACON Investment Vehicle and/or the relevant portfolio company is authorized to pay or reimburse ACON all or a portion of the personnel costs (including expenses) of the seconded employee. Due to the nature of these secondee relationships, which are often initiated to meet a temporary portfolio company need, the arrangements between such employees and the related portfolio company are expected to change over time, and in many cases will be terminated when the portfolio company is sold. Employees may or may not return to ACON at the end of such secondee arrangements.

ACON allocates the compensation, expense reimbursement and/or other payments received by its operating professionals, executive advisors and or seconded employees to the applicable ACON Investment Vehicle(s) and/or applicable portfolio companies. As a result, such amounts will be treated as an ACON

Investment Vehicle or portfolio company expense, and will not be deemed paid to or received by ACON. Accordingly, such amounts are borne by the investors.⁹

These arrangements have the potential to create conflicts of interest, in that amounts paid by a portfolio company in connection with these types of relationships ultimately are borne by ACON investors, rather than the Adviser or its affiliates. The fees and expenses described above and the manner in which they are handled increase the overall cost of the Investment Vehicle's investment program from the perspective of an investor, and could negatively impact financial returns. In addition, these payments (other than equity incentives and expense reimbursement) will generally reduce retainer or other amounts otherwise payable to such persons by ACON. As such, this can create an incentive for ACON to set higher compensation rates to be paid by a portfolio company so as to reduce the amounts that would otherwise be payable by ACON. Moreover, ACON may be incentivized to allocate the time of such persons to portfolio companies and/or an ACON Investment Vehicle rather than to the Adviser. Compensation in the form of profits or equity interests in a portfolio company or intermediate holding company generally has a dilutive impact on an ACON Investment Vehicle's investment, and the relevant Investment Vehicle typically will bear the costs of all such compensation as well as fees, costs and expenses of structuring such arrangements. To the extent such professionals, executives and employees are paid retainers or guaranteed minimum compensation amounts, there is the possibility that certain portfolio companies or ACON Investment Vehicles will bear a greater share of such compensation due to the utilization of these individuals' services at a time when fewer portfolio companies or ACON Investment Vehicles make use of such persons. Additionally, portfolio companies may provide opportunities for such persons to invest in such portfolio company and reimburse costs and expenses incurred by such persons (although this has not occurred to date). These professionals, executives and employees also have and may in the future have an equity interest in ACON's GPs/Managers and/or ACON Investment Vehicles, may receive remuneration from ACON and/or its Investment Vehicles or affiliates and/or be entitled to other forms of compensation, including a portion of the Carried Interest. ACON expects from time to time that its operating professionals and/or executive advisors will include former employees of ACON or certain portfolio companies, and in some circumstances such persons are expected to become ACON employees or employees of portfolio companies. Consequently, the determination of whether individuals are operating professionals or executive advisors is expected to vary and/or be revisited from time to time, which poses potential conflicts of interest where certain changes in status or categorization would reduce costs that ACON otherwise would be required to bear.

While the foregoing practices have the potential to raise conflicts of interest, ACON believes that such potential conflicts have the potential to be reduced by the anticipated cost savings to portfolio companies (for the ultimate benefit of the investors). Cost savings may be achieved, for example, if the market rates for such professionals and executives is lower than market rates for the services provided and/or if the services of such persons align with ACON's model for the portfolio company and improve portfolio company performance. Although ACON seeks to retain operating professionals and executive advisors with a view to reducing costs to portfolio companies (and, ultimately, the Investment Vehicles) and/or improving portfolio company performance, a number of factors may result in limited or no cost savings or improved performance from such retention. ACON also seeks to reduce potential conflicts of interest resulting from

⁹ For time ACON operational professionals spend providing general non-operational portfolio company monitoring services and/or general administrative Firm time, ACON will allocate costs associated with such time for these services provided to itself. In this case, investors will not bear, directly or indirectly, such costs. Reasonable travel, lodging and meal costs incurred by such operations personnel when providing services (operational or not) to a portfolio company will be billed to such portfolio company to the extent consistent with the specific portfolio company management services agreement or other arrangements with ACON or its affiliates and reimbursed in accordance with ACON's regular expense billing and reimbursement practices and, as with other ACON executives' out-of-pocket expenses, will not result in an offset of any management fee that may be chargeable to investors.

such arrangements by structuring compensation packages for such persons in a manner that ACON believes will align such persons' interests with those of the Investment Vehicles' investors. Additionally, ACON strives to retain operating professionals and executive advisors whom we believe provide a level of service at a value generally consistent or better than other relevant market alternatives. However, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

Operating professionals and executive advisors may not work exclusively with ACON and may perform services for other ACON affiliates or third parties outside of ACON, which may give rise to conflicts of interest. Such persons may also be appointed to the board of directors of companies and have other business interests which give rise to conflicts of interest with the interests of a portfolio entity. For example, certain operating professionals and executive advisors from time to time serve on boards of companies unaffiliated with ACON that have the potential to compete with an ACON Investment Vehicle in acquiring certain investment opportunities and/or acquire companies that compete with the Investment Vehicles' portfolio companies.

Payments to service providers. A portfolio company typically will reimburse ACON or service providers retained at ACON's discretion for expenses (including travel, lodging, meal and entertainment expenses) incurred by ACON or such service providers in connection with the performance of services for such portfolio company, including for consultative operational services. In respect of controlled investments, ACON Personnel often have the right to appoint portfolio company board members and may determine or influence decisions by the portfolio company with respect to expense reimbursements. This subjects ACON to conflicts of interest because an ACON Investment Vehicle generally does not have an interest or share in these reimbursements, and the amount of such reimbursements over time is expected to be substantial. Subject to the Investment Agreements and ACON's internal reimbursement policies and practices, ACON determines the amount of these reimbursements for such services in its own discretion, subject to internal reimbursement policies and practices. Any fee paid or expense reimbursed to ACON or such service providers is generally subject to: agreements with sellers, buyers and management teams; the review and supervision of the board of directors of or lenders to portfolio companies; and/or third-party co-investors in its transactions. These factors help to mitigate related conflicts of interest.

ACON reserves the right to agree with operating personnel, service providers, portfolio company management or other parties that all or a portion of certain expense reimbursements, payments or other amounts owed to such persons relating to one or more portfolio companies will be paid in the form of a profits interest granted in the relevant portfolio companies or related intermediate entities. While such an arrangement could be more favorable to the relevant Investment Vehicle if the investment does not increase in value, in the event of appreciation in the relevant portfolio company, any such profits interest generally would have a dilutive impact on the Investment Vehicle's investment, as well as the potential to result in economic gains greater than the original amount of compensation.

Shared interest in professionals and employees. ACON may, from time to time, employ personnel with pre-existing ownership interests in or who were employed by portfolio companies owned by a particular Investment Vehicle advised by ACON; conversely, current or former personnel or executives of ACON (and/or its affiliates) are expected from time to time to serve in significant management roles at portfolio companies or service providers recommended by ACON. Similarly, ACON, its affiliates and/or ACON Personnel maintain relationships with (or may invest in) financial institutions, service providers and other market participants, including but not limited to managers of private funds, banks, brokers, advisors, consultants, finders (including executive finders and portfolio company finders), executives, attorneys, accountants, institutional investors, family offices, lenders, current and former employees, and current and former portfolio company executives, as well as certain family members or close contacts of these persons.

Certain of these persons or entities will invest (or will be affiliated with an investor) in, engage in transactions with and/or provide services (including services at reduced rates) to the particular ACON Investment Vehicle, ACON and/or its affiliates. In other circumstances, these vendors are expected to provide personal banking, private wealth or lending arrangements (including lending arrangements with respect to personal investments in or through ACON entities) to ACON Personnel and their estate planning vehicles. ACON expects to be subject to a conflict of interest with the Investment Vehicle in recommending the retention or continuation of a third-party service provider to such Investment Vehicle or a portfolio company if such recommendation, for example, is motivated by a belief that the service provider or its affiliate(s) will continue to invest in the Investment Vehicle or any future investment vehicles advised by ACON, will provide ACON information about markets and industries in which ACON operates (or is contemplating operations) or will provide other services that are beneficial to ACON. ACON may have a conflict of interest in making such recommendations, in that ACON has an incentive to maintain goodwill between it and the existing and prospective portfolio companies for the Investment Vehicle, while the products or services recommended may not necessarily be the best available to the portfolio companies held by the Investment Vehicle. In certain circumstances where ACON commits or has committed to seek “market” or “arms-length” rates or terms, ACON will do so in its sole discretion, seeking rates that it has determined in its sole discretion to be reflective of the range of rates in the applicable or related markets. ACON reserves the right to deem third-party investment in a transaction to be verification that the transaction was entered into at a value that is “arms-length.” Consequently, ACON undertakes no minimum amount of benchmarking, and does not represent that any such benchmarking ultimately will be accurate, comparable or relates specifically to the assets, services or comparable markets to which such rates or terms relate. Where such rates or terms include hourly components, ACON reserves the right to rely on approximations or estimates of time spent for purposes of allocating or charging for services. Any methodology, or choice among methodologies, involves potential conflicts of interest. Whether or not ACON has a relationship or receives financial or other benefit from recommending a particular service provider, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

Potential conflicts relating to personal securities transactions of ACON Personnel. Personal investment by ACON Personnel can present potential conflicts of interest for ACON. ACON Personnel may buy and sell securities or other investments for their own accounts (including through investment funds managed by ACON or its affiliates). As a result of differing investment strategies or constraints, or for other reasons, positions may be taken by ACON Personnel that are the same as, different from or made at different times than positions taken for an ACON Investment Vehicle. ACON has established policies and procedures requiring certain approvals for investments in private companies and private funds by ACON Personnel and most personal securities transactions by ACON Personnel. However, the potential exists for personal securities transactions by ACON Personnel, including those which have been pre-cleared or approved in advance, to generate significantly higher investment returns to such personnel than any of the ACON Investment Vehicle’s investment transactions generate for its investors. Moreover, the applicable investment committee may determine, in certain circumstances, that a company identified as a potential investment opportunity for an ACON Investment Vehicle is not suitable or appropriate for such vehicle. The potential exists for ACON Personnel or competitors of ACON to invest in such company and realize significantly higher investment returns than any of an ACON Investment Vehicle’s investment transactions generate for its investors. In such case, ACON Personnel and others will not in such circumstances be required to share in or reimburse the relevant Investment Vehicle for due diligence or other expenses (including broken deal expenses) incurred by them in connection with their consideration of the relevant investment opportunity. ACON Personnel have, and are expected to continue to have, capital investments in or alongside certain Investment Vehicles or in prospective portfolio companies directly or indirectly, as well as in investment vehicles (including private funds) sponsored by potential competitors, and therefore ACON expects to have additional potential conflicting interests in connection with these investments

Except to the extent prohibited by the relevant Investment Agreements, ACON and ACON Personnel are permitted to market, organize, sponsor or act in other capacities (including as director, founder or manager) for other pooled investment vehicles or accounts and to receive compensation (including in the form of management fees, performance-based compensation, founders' equity or similar interests) relating thereto. Subject to any limitations imposed by the relevant Investment Agreements and anti-"assignment" provisions of the Advisers Act, ACON and ACON personnel are also permitted to offer, restructure and monetize interests in ACON.

Outsourcing arrangements. Services required by an ACON Investment Vehicle (including some services historically provided by ACON or its affiliates to the Investment Vehicles) may, for reasons including efficiency and economic considerations, be outsourced as a whole or in part to third parties in the discretion of ACON. In such case, the cost and expenses of these outsourcing arrangements typically will be paid for by an Investment Vehicle or portfolio company such that investors ultimately bear such costs. ACON has an incentive to outsource such activities at the expense of the Investment Vehicles. The performance of a service for an ACON Investment Vehicle in-house by ACON Personnel does not and will not preclude a later decision to outsource such services (or any additional services) as a whole or in part to a third-party service provider in the future. The costs and expenses of any such third-party service providers will, where otherwise permissible under the Investment Agreements for the Investment Vehicles, be borne by the Investment Vehicles.

Cross-fund investments. One or more investment vehicles managed by ACON or its affiliates has made and may in the future make a "cross-fund investment." A cross-fund investment means an investment in a portfolio company in which another Investment Vehicle, or an investment vehicle sponsored by an ACON affiliate (including another ACON affiliated registered investment adviser), already has an investment or will be making an investment at the same time. Historically, cross-fund investing has occurred very rarely. Cross-fund investments may occur when the vehicle with the existing investment does not have sufficient capital to make a follow-on investment or is at or approaching the end of its commitment period or term, or where ACON is investing out of two Investment Vehicles at the same time and must allocate the investment opportunity across both vehicles.

Cross-fund investing raises conflicts of interest for a variety of reasons. Often, the security that will be purchased by the later-investing Investment Vehicle may have more attractive terms and conditions than the securities issued to the earlier Investment Vehicle and may be higher in the capital structure than those held by the earlier vehicle. For example, the earlier vehicle may hold equity securities of a company and the later vehicle may purchase convertible debt securities of such company. In such a situation, the interests of the two ACON Investment Vehicles may not always be aligned, which may give rise to actual or potential conflicts of interest or the appearance of such conflicts of interest. For example, questions may arise as to whether payment obligations and covenants at the portfolio company level should be enforced, modified or waived, or whether debt should be refinanced or restructured. The fact that one Investment Vehicle's interests sit higher in a company's waterfall, or the stage of maturity of each Investment Vehicle (*i.e.*, how close to the end of the vehicle's life it may be) also could impact decision-making regarding potential sales processes, including what valuation to target and whether an exit should be pursued. Questions may arise about what action should be taken when a company is in financial distress, including whether to enforce claims and whether to initiate restructuring or liquidation inside or outside of bankruptcy, and the terms of any workout or restructuring may raise conflicts of interest, particularly with respect to Investment Vehicles that have invested in different securities within the same portfolio company. If additional capital is necessary as a result of financial or other difficulties, or to finance growth or other opportunities, Investment Vehicles may or may not provide such additional capital and, if provided, each Investment Vehicle generally will supply such additional capital in such amounts, if any, as determined by ACON in its sole discretion.

Conflicts also may arise when an Investment Vehicle makes investments in conjunction with an investment being made by another Investment Vehicle, or if it were to invest in the securities of a company in which another Investment Vehicle has already made an investment. To the extent an Investment Vehicle has insufficient unfunded capital available to support its investment, then such Investment Vehicle may suffer dilution, while the other Investment Vehicle may continue investing. An Investment Vehicle also may not, for example, invest through the same investment vehicles, have the same access to credit or employ the same hedging or investment strategies as other Investment Vehicles. This likely will result in differences in price, terms, leverage and associated costs. Where multiple Investment Vehicles invest in the same company at different times, the first Investment Vehicle to invest typically will bear a higher level of diligence and transaction fees, costs and expenses than later Investment Vehicles. Further, there can be no assurance that the relevant Investment Vehicle and the other Investment Vehicle(s) or vehicle(s) with which it co-invests will exit such investment at the same time or on the same terms. ACON and its affiliates reserve the right to express inconsistent views of commonly held investments or of market conditions more generally. There can be no assurance that the return on one Investment Vehicle's investments will be the same as the returns obtained by other Investment Vehicles participating in a given transaction. Given the nature of the relevant conflicts there can be no assurance that any such conflict can be resolved in a manner that is beneficial to both Investment Vehicles. In that regard, actions may be taken for one or more Investment Vehicles that adversely affect other Investment Vehicles.

Transactions between ACON Investment Vehicles. The Adviser may cause an ACON Investment Vehicle to enter into a transaction whereby such Investment Vehicle purchases securities from, or sells securities to, other Investment Vehicles (including a newly formed continuation vehicle) managed by the Adviser. Such transactions raise potential conflicts of interest including where the investment of one Investment Vehicle supports the value of portfolio companies owned by another Investment Vehicle or where, in the case of a continuation vehicle, ACON determines to pursue such transaction as opposed to other liquidity alternatives and in determining the terms and participants in connection with such transaction. In addition, conflicts can arise given that the GP/Manager of the selling or transferring Investment Vehicle likely has, or its affiliates have, an economic or other interest in the purchasing Investment Vehicle. These conflicts are heightened to the extent the relevant securities are illiquid or do not have a readily ascertainable value, and there generally can be no assurance that the price at which such transactions are entered into represents what would ultimately be the underlying investment's fair value. To the extent required by the relevant Investment Vehicles' Investment Agreements or otherwise in the sole discretion of the Adviser, the Adviser may seek to mitigate such conflicts by seeking the opinion of an unaffiliated third party (including the use of a consultant or investment banker to opine as to the fairness of a purchase or sale price) or by obtaining the consent of the relevant Investment Vehicle to such transactions. In certain circumstances, the Adviser may determine that the willingness of a third party to make an investment on the same terms demonstrates the fairness of the relevant transaction to an ACON Investment Vehicle under then-current market conditions. The Adviser intends that any such transactions be conducted in a manner that it believes in good faith to be fair and equitable to each such vehicle under the circumstances, including a consideration of the potential present and future benefits with respect to each Investment Vehicle, but in any case in its sole discretion.

Cross-guarantees by ACON Investment Vehicles. Although the Adviser generally structures its Investment Vehicles to avoid cross-guarantees and other circumstances in which one Investment Vehicle bears liability for all or part of the obligations of another Investment Vehicle, in certain circumstances lenders and other market parties negotiate for the right to face only select Investment Vehicle entities, which may result in a single Investment Vehicle being solely liable for another Investment Vehicle's share of the relevant obligation and/or joint and several liability among Investment Vehicles. In each such case, the Adviser intends to cause the relevant other Investment Vehicles to enter into a back-to-back guarantee, indemnification or similar reimbursement arrangement, although the Investment Vehicle undertaking the

obligation in the first instance generally will not receive compensation for being primarily liable under these arrangements nor is there any guarantee that such other Investment Vehicles will satisfy their contractual obligations.

Below-the-Investment Vehicle platforms. From time to time, an ACON Investment Vehicle may establish or invest in platform companies or similar platform investments that seek to acquire interests in other companies and/or assets. While the relevant Investment Vehicle would typically be involved in the strategy and oversight of any platform investment, a platform investment typically would retain its own management team to operate, administer and manage the platform on a daily basis. In such cases, the relevant Investment Vehicle generally will directly or indirectly bear the expenses related to developing and operating the platform investment, including overhead expenses (such as real estate, technology, salaries, bonuses and incentive-based compensation (*e.g.*, equity, profits interests, options and warrants)), investment sourcing and diligence expenses, transaction fees and other related expenses, such that investors ultimately bear the costs of such expenses.

Such platform investments create potential conflicts of interest. For example, management teams sometimes provide services that are similar to, and that may overlap with, services provided by the Adviser and its personnel to the Investment Vehicles, and certain ACON Personnel are expected to serve on the boards of, or otherwise provide services to, platform investments. Because the Adviser (and not the Investment Vehicle) otherwise generally pays the salaries of its employees, the Adviser has an incentive to cause a platform investment to retain its own management team instead of relying on ACON Personnel to provide managerial services, or to deploy existing ACON Personnel as members of such platform investment's management team. In addition, the Adviser generally will have the ability to influence significantly the form and amount of compensation paid to such management teams. Members of platform investment management teams also may render services exclusively to the platform or provide the same or similar services to other Investment Vehicles and/or portfolio companies.

Valuation of assets. There is no actively traded market for most of the securities owned by the ACON Investment Vehicles. When estimating fair value, ACON will apply a valuation methodology based on its best judgment that is appropriate in light of the nature, facts and circumstances of the investments, consistent with the requirements of ACON's valuation policy. These valuation methodologies may evolve over time depending on the nature, facts and circumstances of the investment and ACON's view of the market, which valuation methodology changes may impact the overall valuation of an asset. While valuations are subject to extensive review, the process of valuing securities for which reliable market quotations are not available is based on inherent uncertainties and the resulting values may differ from values that would have been determined had an active market existed for such. There can be no assurance that ACON will have all the information necessary to make valuation decisions, that third-party pricing information will be available, or that any information provided by third parties on which such decisions are based will be correct. There can be no assurance that the valuation decision with respect to an investment will represent the value realized by the relevant ACON Investment Vehicle on the eventual disposition of such investment or that would, in fact, be realized upon an immediate disposition of such investment on the date of its valuation. The valuation process includes a significant level of professional judgment on the part of ACON with respect to assumptions, estimates and inputs into each specific valuation, which judgment could lead to inherent conflicts, including that valuations impact ACON's track record. The valuation decisions made by ACON may cause it to ineffectively manage the relevant ACON Investment Vehicle's investment portfolios and risks, and may affect the diversification and management of such ACON Investment Vehicle's portfolio of investments

Generally, ACON will determine the value of all of its Investment Vehicle portfolio companies for which market quotations are available based on publicly available quotations. However, market quotations will

not be available for virtually all of such vehicles portfolio company investments because, among other things, the securities of portfolio companies held by an ACON Investment Vehicle generally will be illiquid and not quoted on any exchange. Reported unrealized values are determined based upon ACON's then current valuation policy and are based upon a number of inputs and assumptions made at the time such unreported values are reported, the ultimate results of which may vary materially from such factors at the time of a realization. While ACON determines the valuation of unrealized investments pursuant to its valuation policy, the valuation process includes a significant level of professional judgment on the part of ACON with respect to assumptions and inputs into each specific valuation, which judgment could lead to inherent conflicts and is subjective. Realized returns on such investments will depend on many factors, including many outside of ACON's control, including future operating results and cash flows of the portfolio company, legal and contractual restrictions on transfer that may limit liquidity, transaction costs, economic, operational, political, legal, tax and other circumstances, monetary and fiscal policies, interest rates, foreign exchange rates, inflation, the level and volatility of trading markets, the availability and cost of short-term or long-term funding and capital, the market conditions at the time of disposition, the manner of disposition and other potential risks and uncertainties. There can be no assurance that ACON will have all the information necessary to make valuation decisions in respect of these investments, or that any information provided by third parties on which such decisions are based will be correct. There can be no assurance that the valuation decision of ACON with respect to an investment will represent the value realized by the Investment Vehicle on the eventual disposition of such investment or that would, in fact, be realized upon an immediate disposition of such investment on the date of its valuation. Accordingly, the valuation decisions made by ACON may cause it to ineffectively manage the Investment Vehicles' investment portfolios and risks, and may also affect the diversification and management of the Investment Vehicles' portfolio of investments.

Conflicts with portfolio companies. ACON Personnel will serve as directors of certain portfolio companies and, in that capacity will be required to make decisions that consider the best interests of the portfolio company. In certain circumstances, for example in situations involving bankruptcy or near-insolvency of a portfolio company, actions that may be in the best interest of that portfolio company may not be in the best interests of the ACON Investment Vehicle, and vice versa. Accordingly, in these situations, conflicts of interest may arise between such individual's duties as an officer or employee of ACON or its affiliates and such individual's duties as a director of a portfolio company.

In certain cases, one Investment Vehicle's portfolio company may compete with another Investment Vehicle's portfolio company. A conflict of interest may arise in these instances because advice and recommendations provided by ACON to a portfolio company may have adverse consequences to a competitor portfolio company owned by another Investment Vehicle or an investment vehicle sponsored by an ACON affiliate. When providing advice to any such portfolio company that is a competitor of another Investment Vehicle's portfolio company, ACON may consider the interests of one portfolio company and is not obligated to, and need not, consider the interests of, or potential consequences to, such competitor portfolio company.

In connection with its services to the Investment Vehicles, ACON, its affiliates and ACON Personnel expect to receive the benefit of certain tangible and intangible benefits. For example, in the course of ACON's operations, including research, due diligence, investment monitoring, operational improvements and investment activities, ACON and ACON Personnel expect to receive and benefit from information, "know-how," experience, analysis and data relating to Investment Vehicle or portfolio company (as applicable) operations, terms, trends, market demands, customers, vendors and other metrics (collectively, "**ACON Information**"). In many cases, ACON Information will include tools, procedures and resources developed by ACON to organize or systematize ACON Information for ongoing or future use. Although ACON expects its Investment Vehicles and their portfolio companies generally to benefit from ACON's possession

of ACON Information, it is possible that any benefits will be experienced solely by other or future Investment Vehicles or portfolio companies or by the Adviser and its personnel and not by the Investment Vehicle or portfolio company from which ACON Information was originally received. ACON Information will be the sole intellectual property of ACON and solely for the use of ACON. ACON reserves the right to use, share, license, sell or monetize ACON Information and the relevant Investment Vehicle or portfolio company will not receive any financial or other benefit of such use, sharing, licensure, sale or monetization. Additionally, expenses relating to the Investment Vehicles or portfolio companies are expected to be charged using credit cards or other widely available third-party rewards programs that provide airline miles, hotel stays, travel rewards, traveler loyalty or status programs, “points,” “cash back,” rebates, discounts and other arrangements, perquisites and benefits under the available terms of such reward programs. Such terms are expected to vary from time to time, and any such rewards (whether or not de minimis or difficult to value) generally will inure to the benefit of the personnel participating in the rewards program, rather than the portfolio companies, the Investment Vehicles or their respective investors.

ACON has incentives to use or to recommend products or services of one portfolio company to another, which may involve fees, commissions, servicing payments or other compensation. Potential conflicts of interest arise in making such recommendations, as ACON has incentives to maintain goodwill between it and its former, existing and prospective portfolio companies, and as a result the products or services recommended may not necessarily be the best or lowest cost option. In most cases, the relevant Investment Vehicles(s) will not consent, participate in the negotiations or be directly involved in such arrangements. From time to time, ACON, its affiliates and ACON Personnel and persons selected by them expect to receive the benefit of “friends and family” and similar discounts from portfolio companies owned by the Investment Vehicles under which such portfolio companies make their goods and/or services available at reduced rates. Because its portfolio companies offer such discounts to customers other than ACON and such persons as part of their standard commercial practices in an effort to expand their respective customer bases, ACON believes that the potential for conflicts of interest relating to such discounts is mitigated. Discounted prices or better terms offered by a portfolio company to ACON, any other portfolio company or third parties have the potential to affect the returns of the portfolio company.

Confidential information. As a result of the operations of ACON (including serving on boards of directors of various companies), ACON frequently comes into possession of confidential or material, non-public information. Therefore, ACON may have access to material, non-public information that may be relevant to an investment decision to be made by an ACON Investment Vehicle. Such vehicle will not be free to act upon any such information. Due to these restrictions, such vehicle may not be able to initiate a transaction that it otherwise might have initiated and may not be able to sell an investment that it otherwise might have sold. Notwithstanding the foregoing, ACON may determine, in its sole discretion at any time, that such information could impair its ability to effect certain transactions on behalf of an ACON Investment Vehicle, whether for legal, contractual, or other reasons. Accordingly, ACON may elect not to receive such information. Lack of access to any such information may adversely affect such vehicle’s investments that in some cases may have been avoided had the Investment Vehicle or ACON had such information.

Reliance on ACON and portfolio company management. Control over the operation of each ACON Investment Vehicle will be vested with ACON, and such vehicle’s future profitability will depend largely upon the business and investment acumen of ACON and the ACON Principals. The loss or reduction of service of one or more of the ACON Principals could have an adverse effect on an ACON Investment Vehicle’s ability to realize its investment objectives. In addition, ACON currently, and will in the future, manage other vehicles besides the ACON Investment Vehicles and the ACON Principals will need to devote substantial amounts of their time to the investment activities of such other vehicles, which is expected to pose conflicts of interest in the allocation of the time of such investment professionals. Investors generally have no right or power to take part in the management of an ACON Investment Vehicle, and as

a result, the investment performance of an ACON Investment Vehicle will depend on the actions of ACON. In addition, certain changes in ACON or circumstances relating to ACON may have an adverse effect on an Investment Vehicle or one or more of its portfolio companies including potential acceleration of debt facilities.

Although ACON will monitor the performance of each ACON Investment Vehicle investment, it will primarily be the responsibility of each portfolio company's management team to operate such portfolio company on a day-to-day basis. Although an ACON Investment Vehicle generally intends to invest in companies with strong management or recruit strong management to such companies, there can be no assurance that the management of such companies will be able or willing to successfully operate a company in accordance with an Investment Vehicle's objectives. Additionally, portfolio companies will need to attract, retain and develop executives and members of their management teams. The market for executive talent is, notwithstanding general unemployment levels or developments within a particular industry and/or geography, extremely competitive. There can be no assurance that portfolio companies will be able to attract, develop, integrate or retain suitable members of their management teams and, as a result, an ACON Investment Vehicle and its investments may be adversely affected.

Side letters. The Investment Vehicles, ACON and its GPs/Managers routinely enter into written agreements, or side letters, with certain investors, including ACON Personnel. These side letters provide investors with customized terms, which results in preferential treatment or could economically incentivize ACON to provide preferential treatment, with respect to, among others: (i) the fee structure, including modified waterfall mechanics, cross-collateralized Carried Interest structures across multiple Investment Vehicles and/or reduced Carried Interest and/or economic or other incentives tied to the making of commitments to one or more other ACON Investment Vehicles, including future vehicles; (ii) the reporting obligations of the particular Investment Vehicle; (iii) the right to transfer interests in the applicable Investment Vehicle; (iv) the offering of secondary and future investment opportunities; (v) the right to withdraw from the applicable Investment Vehicle in the event of adverse tax or regulatory events or violations of law or policies; (vi) additional confidentiality protections; (vii) the right to disclose certain information to underlying investors or to the public; (viii) structuring rights with respect to certain types of investments; (ix) modification of default remedies; (x) prior review of an ACON Investment Vehicle's investment opportunities; (xi) investment pacing restrictions; or (xii) certain other terms whether economic, procedural or otherwise. Furthermore, the Adviser or its affiliates have permitted, and may in the future permit, certain ACON Personnel, business associates and "friends and family" of ACON to invest directly or indirectly in Investment Vehicles on terms that are more favorable than those offered to other investors, including with respect to Carried Interest.

ACON is likely to have its own economic and/or other business incentives to provide certain terms to certain investors (e.g., based on commitment amount to an ACON Investment Vehicle or the timing thereof, the ability of an investor to provide sourcing or other services to the Adviser, its affiliates and personnel or the Investment Vehicles, or the potential to establish, recognize, strengthen or cultivate relationships that have the potential to provide longer-term benefits to the Adviser, its affiliates and personnel, or the Investment Vehicles). Further, side letters may also relate to strategic relationships under which an investor agrees to make commitments to multiple Investment Vehicles. Except where required by the applicable Investment Agreements, other investors will not receive copies of side letters or related provisions, and as a general matter, the other investors have no recourse against an Investment Vehicle, ACON or any of its affiliates in the event that certain investors have received additional and/or different rights and/or terms as a result of such side letters. Side letters subject ACON to potential conflicts of interest. To the extent an investor is subject to statutory or other limitations on indemnification, or otherwise negotiates rights relating thereto, other investors may be subject to increased losses, or be required to bear an increased portion of indemnification amounts. As a consequence of one or more investors being excused or excluded, or from

regulatory, tax or other factors altering or limiting their participation in investments, the aggregate returns realized by participating or non-participating investors could be adversely affected in a material manner by the unfavorable performance of particular investments.

Furthermore, the Adviser or its affiliates have permitted, and may in the future permit, certain ACON Personnel, business associates and “friends and family” of ACON to invest directly or indirectly in Investment Vehicles on terms that are more favorable than those offered to other investors, including with respect to the non-payment or reduction in payment of Carried Interest.

ACON’s Carried Interest. The fact that ACON’s Carried Interest is based on a percentage of net profits may create an incentive for ACON to cause an Investment Vehicle to make riskier or more speculative investments or to hold an investment longer than otherwise would be the case.

In addition, certain 2017 U.S. tax legislation treats certain allocations of capital gains to U.S. service providers by certain ACON Investment Vehicles as short-term capital gain (taxed at higher ordinary income rates) unless the vehicle has held the asset which generated such gain for more than three years. This could reduce the after-tax returns of U.S. individuals associated with an ACON Investment Vehicle and the relevant ACON GP/Manager who were or may in the future be granted direct or indirect interests in such GP/Manager, which could make it more difficult for ACON to incentivize, attract and retain individuals to perform services for an ACON Investment Vehicle. This is also expected to create an incentive for ACON to cause an ACON Investment Vehicle to hold investments for a longer period than would be the case if such three-year holding period requirement did not exist.

Potential Conflicts relating to Non-Cash Distributions. ACON Investment Vehicles permit non-cash distributions of marketable securities to be made to investors (and in the case of liquidation of the vehicle, other types of in-kind distributions), which may create a conflict of interest as hereinafter described. When distributions are made in kind, the value of any such distributions will be accounted for purposes of the Investment Vehicle’s distribution waterfall in accordance with the terms set forth in the relevant Investment Agreement, which often provides that it must be the fair market value of the distributed property (which determination is made in accordance with valuation procedures specified in the ACON Investment Vehicle’s Investment Agreement). The amounts that an investor in such Investment Vehicle ultimately realizes from amounts distributed in kind may be less than the fair value determined at the time of the distribution from the ACON Investment Vehicle. Because the Adviser (or an affiliate thereof) typically receives Carried Interest distributions based upon the fair value of assets at the time of distribution, there could be an incentive for ACON to make distributions in kind rather than liquidating an investment and distributing the net cash proceeds to investors. Each Investment Agreement has specific procedures governing distributions in kind, including their valuation. With respect to marketable securities, the Investment Agreement typically requires ACON to value the investment by averaging inputs taken over a multi-day or multi-week period before and sometimes after the determination date. ACON believes this and other procedures set forth in the Investment Agreement mitigate the potential conflicts associated with this risk by limiting the Adviser’s ability to make in kind distributions and/or reducing the potential incentive to do so. In addition, the amount that an investor in an Investment Vehicle might ultimately realize from amounts distributed in kind may exceed the fair value determined at the time of the distribution, further mitigating the risk associated with this potential conflict.

Diverse investor group may have conflicting interests. Prospective investors also should be aware that conflicting investment, tax and other interests and circumstances may exist among the investors in connection with an ACON Investment Vehicle’s activities. For example, the investors are expected to include taxable and tax-exempt entities and persons and may include persons or entities organized in various jurisdictions. The conflicting interests of individual investors may relate to or arise from, among other

things, the nature of investments made by an ACON Investment Vehicle, the structuring or the acquisition of investments and the timing of disposition of investments and investments by such investors in other ACON Investment Vehicles. As a consequence, conflicts of interest may arise in connection with decisions made by ACON regarding an investment (including with respect to the nature or structuring of investments of an ACON Investment Vehicle) that may be more beneficial for one type of investor than for another, including investors affiliated with ACON, and especially with respect to tax matters, and which create conflicts of interests. In selecting and structuring investments appropriate for an ACON Investment Vehicle, ACON will consider the investment and tax objectives of such vehicle, the GP/Manager and the investors as a whole, not the investment, tax or other objectives of any investor individually.

Item 9 - Disciplinary Information

There are no legal or disciplinary matters that would be material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Item 10 - Other Financial Industry Activities and Affiliations

Some of the key management executives and investment professionals of ACON, as well as the Chief Financial Officer, Chief Operating Officer, General Counsel, Chief Compliance Officer and other employees and/or consultants of ACON and its affiliates serve in similar capacities for the following affiliates of ACON that are also registered investment advisers:

- ACON EQUITY MANAGEMENT, L.L.C. (SEC File No. 801-74406); and
- ACON LatAm Management, L.L.C. (SEC File No. 801-74408).

The Adviser is party to an arrangement with ACON Investments, a service affiliate, pursuant to which ACON Investments and/or its affiliates provide the services of various private equity fund investment, finance, accounting, tax, investor relations, legal, compliance and support professionals to the Adviser. In addition, through this arrangement, certain administrative services including the payment of payroll, benefits and overhead costs are provided to shared employees and facilities.

ACON does not recommend or select other investment advisers for the ACON Investment Vehicles. However, it may, as described above, sub-contract certain services to its affiliates.

Neither ACON nor any of its affiliates or management persons is registered, or has an application pending to register, as a broker-dealer, registered representative of a broker-dealer, futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing.

AIM, ASEM and the Firm have a "participating affiliate" relationship with ASEA, a *sociedad limitada* incorporated under the laws of Spain. Generally, a participating affiliate relationship permits registered advisers to access the investment offerings, investment management capabilities and related services, including personnel of unregistered affiliates under prescribed conditions. Presently, AIM, ASEM and the Firm use ASEA's services for identifying suitable investment opportunities, structuring acquisitions and dispositions and monitoring the performance of portfolio companies. The participating affiliate relationship is maintained in accordance with applicable SEC guidance.

Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

ACON and its affiliates have adopted a Code of Ethics (the "Code") to ensure that ACON fulfills its fiduciary requirements to the ACON Investment Vehicles and to identify, address and avoid potential

conflicts of interest which exist when providing advisory services to these vehicles. The Code requires that personnel of ACON comply with all applicable provisions of federal securities laws. The Code includes policies and procedures related to the disclosure and pre-clearance of certain trading activity. The policy also addresses confidentiality (with appropriate exceptions for whistleblowing) and insider trading and expressly prohibits personnel from disseminating material non-public information or using such information inappropriately for the benefit of any party. Personnel are required to provide written certification as to their compliance with the Code on an annual basis.

ACON will provide a copy of its Code of Ethics to any client or prospective client upon request. Please contact Teresa Y. Bernstein, Chief Compliance Officer, at 202-454-1100 x771 or tbernstein@aconinvestments.com.

From time to time, consistent with each ACON Investment Vehicle's investment objectives and subject to satisfaction of the policies and procedures set forth in the Code, the Investment Vehicle's Investment Agreements and applicable law, ACON or its GPs/Managers may recommend that an ACON Investment Vehicle acquire or sell securities in which an ACON related or affiliated person has a pre-existing direct or indirect interest, and the Adviser or its GP/Manager may cause the Investment Vehicle to effect the recommended transaction. A potential conflict of interest could arise in that the interested ACON related person could benefit from such a purchase or sale of the applicable security by the Investment Vehicle. The Code, however is designed to identify and manage conflicts of interest to the extent they arise in connection with such transactions, and to ensure that ACON fulfills its role as a fiduciary to the Investment Vehicles. In particular, the Code requires that ACON act in the best interests of the ACON Investment Vehicles, in good faith and in an ethical manner. Certain terms of each Investment Vehicle's Investment Agreements and the equity participation of ACON investment professionals in the ACON Investment Vehicle further mitigate such conflicts.

From time to time, subject to satisfaction of the policies and procedures set forth in the Code, the ACON Investment Vehicles' Investment Agreements and applicable laws, an ACON related person may acquire or sell securities that are recommended to an Investment Vehicle or in which the ACON Investment Vehicle has a pre-existing direct or indirect interest. A potential conflict of interest could arise in that the interested ACON related person or affiliate could benefit from the Investment Vehicle's ownership, or subsequent sale, of the applicable security. However, the Code is designed to identify and manage conflicts of interest to the extent they arise in connection with the personal securities transactions and other investment activities of ACON related persons, and to ensure that ACON fulfills its role as a fiduciary to each ACON Investment Vehicle. In particular, the Code requires that ACON related persons abide by policies and procedures in connection with their personal securities trading activities, and such activities are monitored under the Code to ensure compliance with such policies and procedures.

From time to time, in appropriate circumstances and subject to satisfaction of the policies and procedures set forth in the Code and each Investment Vehicle's governing documents, ACON personnel and other related persons or affiliates will co-invest in the investments made by ACON Investment Vehicles generally at the same time as and on a side-by-side basis with ACON Investment Vehicles (including their investors). ACON does not believe that this common industry practice gives rise to material conflicts of interest, and that certain potential conflicts of interest are addressed by the Code and the ACON Investment Vehicle's Investment Agreements. However, because ACON personnel may have the opportunity to select the particular investments in which they may choose to participate (and the amount of their participation), the

ACON investment professionals will sometimes have personal and financial motivations with respect to a particular transaction that are not necessarily aligned with investors in the ACON Investment Vehicles.

Item 12 - Brokerage Practices

ACON primarily invests in private securities and does not regularly engage in high volume trading of public securities. Accordingly, ACON is generally not in a position to select a broker-dealer for any ACON Investment Vehicle's transactions.

ACON may distribute securities to investors in an Investment Vehicle or sell such securities, including through using a broker-dealer if a public trading market exists. ACON may also sell securities in an Investment Vehicle through privately negotiated transactions with or without the use of brokers or dealers. If ACON or one of its affiliates sells publicly traded securities for the Investment Vehicle, including pre-planned transactions pursuant to a Rule 10b5-1 plan under the Securities Exchange Act of 1934, it is responsible for directing orders to broker-dealers to effect such securities transactions for managed accounts.

ACON will select brokers on the basis of best price and execution capability. ACON has no duty or obligation to seek in advance competitive bidding for the most favorable commission rate applicable to any particular client transaction or to select any broker on the basis of its purported or "posted" commission rate, but will endeavor to be aware of the current level of the charges of eligible brokers and to minimize the expenses incurred for effecting client transaction to the extent consistent with the interests and policies of the accounts. Although ACON generally seeks competitive commission rates, ACON will not necessarily pay the lowest commission or commission equivalent. Transactions may involve specialized services on the part of the broker involved and thereby entail higher commissions or their equivalents than would be the case with other transactions requiring more routine services.

ACON does not have any soft dollar arrangements.

ACON engages third-party solicitors from time to time. However, such third-party solicitors are not used as broker-dealers to effect transactions in publicly traded securities on behalf of any ACON Investment Vehicle.

If ACON sells a publicly traded security for multiple Investment Vehicles, trades with a particular broker on the same day will generally be averaged across client accounts if determined by ACON to be fair and reasonable under the circumstances.

Item 13 - Review of Accounts

The investments made by the Investment Vehicles are generally private, illiquid and long-term in nature. Accordingly, the review process is not directed toward a short-term decision to dispose of securities. However, ACON's personnel monitor and review companies in which an ACON Investment Vehicle invests including, for example, by participating in board meetings and management calls, reviewing annual and interim financial statements, determining fair valuations quarterly, and making on-site visits to such companies, as needed. Each ACON Investment Vehicle's financial statements are maintained and monitored by the ACON Investments finance staff or under the supervision of ACON's Chief Financial Officer. In addition, financial statements for certain Investment Vehicles are audited on an annual basis by an independent third-party accounting firm. ACON's investment committee regularly supervises and monitors the investment activities of the ACON Investment Vehicles.

Investors in ACON Investment Vehicles typically receive written quarterly reports after each of the three calendar quarters end and a written annual report that is accompanied by financial statements, generally within 120 days of the end of the vehicles' fiscal year.

Certain investors in an ACON Investment Vehicle may request information relating to the ACON Investment Vehicle and, to the extent such information is readily available or may be obtained without unreasonable effort or expense, ACON generally will provide such investors with the information requested. Investors that request and receive such information will consequently possess information regarding the business and affairs of the ACON Investment Vehicle that may not be known to other investors. As a result, certain investors may be able to take actions on the basis of such information which, in the absence of such information, other investors may not take.

Item 14 - Client Referrals and Other Compensation

For details regarding economic benefits provided to ACON, please refer to Item 5 (*Fees and Compensation*) and 6 (*Performance-Based Fees and Side-By-Side Management*) above.

From time to time, ACON and its personnel receive discounts or complementary access to products, services and events provided by portfolio companies of the ACON Investment Vehicles or from third parties with whom ACON or the Investment Vehicles otherwise maintain a business relationship. In certain circumstances, these discounts or complementary access may also be shared by ACON with third parties. Additionally, ACON and its personnel may receive "miles," "points," or credit in loyalty/status programs usually associated with airline travel, hotel stays or car rentals, and such benefits and/or amounts will, whether or not *de minimis* or difficult to value, inure exclusively to ACON and/or its employees even though the cost of the underlying service will be borne by an ACON Fund or portfolio company.

From time to time, the Adviser may enter into solicitation arrangements pursuant to which a third-party is compensated for referrals that result in a potential investor becoming an investor in a Fund or other ACON Investment Vehicle. Placement fees payable to such persons typically are in the form of a cash fee calculated as a percentage of funds raised by the placement agent. Placement agents may also be compensated through the GP/Manager's sharing of a percentage of the carried interest payments earned with respect to the referred investor. Any fees payable to third-party solicitors will be borne by the Adviser as described herein, unless otherwise set forth in the Investment Agreements. The Adviser will not engage another person to solicit clients on our behalf if that person has been subject to securities regulatory or criminal action within the preceding 10 years or otherwise subject to a disqualifying event, as defined in the Securities Act. If a prospective client is introduced to an ACON Investment Vehicle through a third-party, appropriate disclosure will be made to such prospective client regarding the arrangement, if any, with such third-party.

Item 15 – Custody

In connection with managing investments, ACON and/or its GPs/Managers may have, or may be deemed to have, custody of certain funds or securities of the ACON Investment Vehicles. Rule 206(4)-2 (the "**Custody Rule**") of the Advisers Act defines custody as holding client securities or assets or having any authority to obtain possession of them, including the authority to withdraw funds or securities from a client's accounts or ownership of or access to client funds or securities (such as through fee deductions). With the exception of certain assets, which are defined as "privately offered securities" under the Custody Rule, the assets of certain ACON Investment Vehicles, including the Funds, are held in custody by unaffiliated broker/dealers or banks acting in the capacity as "qualified custodians" under the Custody Rule.

In accordance with the Custody Rule, ACON's Chief Compliance Officer is responsible for ensuring that the ACON Investment Vehicles' securities, other than "privately offered securities," are held only with unaffiliated broker-dealers or banks acting as qualified custodians. ACON's Chief Compliance Officer is also responsible for arranging for annual independent audits of the ACON Investment Vehicles by a major accounting firm within 120 days of each vehicle's fiscal year end and for obtaining audited financial statements prepared in accordance with generally accepted accounting principles in the United States. ACON generally arranges for the delivery of such audited financial statements to investors within 120 days of each vehicle's fiscal year end.

Item 16 - Investment Discretion

Typically, ACON and/or its GPs/Managers provides investment advice to the ACON Investment Vehicles on a discretionary basis and ACON or a GP/Manager accepts discretionary investment authority for the ACON Investment Vehicles pursuant to each Investment Vehicle's Investment Agreement and subject to the investment guidelines set forth therein.

Item 17 - Voting Client Securities

ACON accepts authority to vote the securities held by the ACON Investment Vehicles. In accordance with SEC rules, ACON and its affiliates have adopted Proxy Voting Policies and Procedures (the "**Proxy Policy**") to address how they votes proxies for the ACON Investment Vehicles' portfolio investments. The Proxy Policy seeks to ensure that ACON votes proxies (or similar instruments) in the best interest of the Investment Vehicle, including when there may be material conflicts of interest in voting proxies. The Adviser and its GPs/Managers generally believe their interests are aligned with the Investment Vehicles through their ownership interest in the Investment Vehicles. In the event, however, there is or may be a conflict of interest between the Adviser and an ACON Investment Vehicle in voting proxies, the Adviser may address the conflict using several alternatives, including alternatives set forth in the Proxy Policy. In addition, the Proxy Policy sets forth certain specific proxy voting guidelines ACON and its affiliates follow when voting proxies on behalf of the ACON Investment Vehicles. Upon request, an investor may obtain a copy of ACON's Proxy Voting Policy as well as information about how ACON voted any proxies on the ACON Investment Vehicles' behalves by contacting the Chief Compliance Officer, Teresa Y. Bernstein, at 202-454-1100 x771 or tbernstein@aconinvestments.com.

Item 18 - Financial Information

Fees are not collected six months or more in advance. Accordingly, ACON has no disclosures related to this item.

ACON is not aware of any financial condition that is reasonably likely to impair its ability to meet contractual commitments to the ACON Investment Vehicles.

ACON has never been the subject of a bankruptcy petition.